

Annual Report 2022

for the period from 26 April 2022
to 31 December 2022



Delphine Topholding B.V.,
holding company of "Partou groep" including
childcare activities in the Netherlands, UK and Germany

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Management report

The Management report of Delphine Topholding B.V.
is available at the office of the company.

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Consolidated financial statements

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Consolidated statement of financial position

EUR 1,000	Note	31 December 2022
Assets		
Property, plant and equipment	8	76,066
Right-of-use assets	9	275,259
Intangible assets and goodwill	10	1,279,100
Financial fixed assets	11	8,980
Deferred tax assets	27	2,266
Non-current assets		1,641,671
Deferred tax assets	27	1,749
Trade receivables	12	5,502
Other current assets	13	9,680
Cash and cash equivalents	14	46,958
Current assets		63,889
Total assets		1,705,560

EUR 1,000	Note	31 December 2022
Equity		
Ordinary share capital	15	1,677
Preference share capital	15	6,141
Share premiumordinary shares	15	173,534
Share premiumpreference shares	15	607,903
Currency translation reserve	15	(3,119)
Other reserves	15	124
Accumulated losses	15	(24,750)
Equity attributable to owners of the Company		761,510
Total equity		761,510

EUR 1,000	Note	31 December 2022
Liabilities		
Loans and borrowings	17	440,544
Lease liabilities	9	247,762
Provisions	21	5,261
Deferred tax liabilities	27	66,807
Non-current liabilities		760,374
Current tax liabilities	27	3,726
Deferred tax liabilities	27	10,393
Lease liabilities	9	29,533
Trade payables	18	23,876
Other current liabilities	19	66,484
Deferred income/revenue	20	48,994
Provisions	21	670
Current liabilities		183,676
Total liabilities		944,050
Total equity and liabilities		1,705,560

The notes on pages 10 to 52 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

for the period 26 April – 31 December 2022

EUR 1,000		26 April – 31 December 2022
	Note	
Revenue	23	239,363
Other income	24	9,911
Net turnover		249,274
Employee benefit expense	25	(185,205)
Depreciation and amortization	8,9,10	(30,607)
Impairment loss on trade receivables	22	(207)
Other operating expenses	24	(45,160)
Total operating expenses		(261,179)
Operating result		(11,905)

EUR 1,000		26 April – 31 December 2022
	Note	
Finance income and expenses	26	(14,098)
Net finance costs		(14,098)
Profit/(loss) before income taxes		(26,003)
Income tax credit/(expense)	27	1,377
Profit/(loss) for the period		(24,626)
Other comprehensive income		(3,119)
Total comprehensive income/(expense)		(27,745)
Profit/(loss) attributable to		
Owners of the Company		(24,750)
Foundations		124
		(24,626)

The notes on pages 10 to 52 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the period 26 April – 31 December 2022

EUR 1,000

	Note	Ordinary share capital	Preference share capital	Share premium ordinary shares	Share premium preference shares	Currency translation reserve	Other reserves	Accumulated losses	Total Equity
Balance at 26 April 2022		-	-	-	-	-	-	-	-
Profit/(loss) for the period		-	-	-	-	-	-	(24,750)	(24,750)
Other comprehensive income		-	-	-	-	(3,119)	-	-	(3,119)
Total comprehensive income		-	-	-	-	(3,119)	-	(24,750)	(27,869)
Contributions and distributions:									
• Issue of ordinary shares	35	1,592	6,053	165,080	599,226	-	-	-	771,951
• Convertible shares		85	88	8,454	8,677	-	-	-	17,304
• Dividends		-	-	-	-	-	-	-	-
• FX differences		-	-	-	-	-	-	-	-
Total contributions by and distributions		1,677	6,141	173,534	607,903	-	-	-	789,255
Total transactions with owners of the Company		1,677	6,141	173,534	607,903	-	-	-	789,255
• (De)Consolidation of foundations		-	-	-	-	-	124	-	124
Balance at 31 December 2022		1,677	6,141	173,534	607,903	(3,119)	124	(24,750)	761,510

The notes on pages 10 to 52 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the period 26 April – 31 December 2022

EUR 1,000		26 April – 31 December 2022
	Note	
Cash flows from operating activities		
Profit/(loss) for the period		(24,626)
Adjustments for:		
• Depreciation	8,9	20,136
• Amortization	10	10,471
• Income tax (credit)/expense		(9,212)
• Net finance costs	26	14,080
		10,849
Changes in:		
• Trade receivables	12	(2,332)
• Other current assets	13	4,559
• Trade payables	18	6,585
• Other current liabilities	19	(2,967)
• Provisions	21	403
• Deferred income/revenue	20	(3,234)
Cash generated from operating activities		13,863
Income taxes paid		(4,324)
Interest paid		(13,993)
Net cash generated from operating activities		(4,454)

EUR 1,000		26 April – 31 December 2022
	Note	
Cash flows from investing activities		
Deposits made, derivatives bought and sold	11	(305)
Acquisition of subsidiary, net of cash acquired	7	(909,481)
Acquisition of property, plant and equipment	8	(8,936)
Acquisition of intangible assets	10	(559)
Net cash used in investing activities		(919,281)
Cash flows from financing activities		
Proceeds from issue of share capital and conv shares	35	789,255
Proceeds from loans and new borrowings	17	207,818
Repayment loans		(35,479)
Lease payments	9	10,556
Net cash generated from financing activities		972,150
Net increase/(decrease) in cash and cash equivalents		48,415
Cash and cash equivalents at 1 January		-
Currency effects		(1,457)
Cash and cash equivalents at 31 December	14	46,958

The notes on pages 10 to 52 are an integral part of these consolidated financial statements.

Refer to note 17 for Reconciliation of movements of liabilities to cash flows arising from financing activities.

Notes to the consolidated financial statements

1 General

Reporting entity and relationship with parent company

Delphine Topholding B.V. (the 'Company' or the 'Group') is a private limited liability company domiciled in the Netherlands. The Company was incorporated in the Netherlands. The Company's registered office is at Sportlaan 1, 4131 NN Vianen, the Netherlands. The Company was founded on 26 April 2022 and is registered in the Trade Register at the Chamber of Commerce under number 863903186. The Company's statutory seat is Bussum.

98% of the shares of the Company are held by Waterland Private Equity Investments ('Waterland') in Bussum, the Netherlands, this is also the ultimate parent of the Company.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in activities related to child care services, like nurseries, after-school care, stay-services and playschool. Furthermore, the group is involved in activities related to a platform of books about the (early) development of children and associated learning apps. The activities of the Company and the Group are carried out in the Netherlands, the UK and Germany.

Financial reporting period

These financial statements contain the period between the incorporation date (26 April 2022) up to 31 December 2022 (balance sheet date).

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Company are part of the statutory financial statements of the Company. These consolidated financial statements have been prepared in accordance with, and comply to, International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) including interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, and with Section 2:362(9) of the Netherlands Civil Code. The company applied these standards as from its incorporation.

The consolidated financial statements have been prepared on a going concern basis. Net result in the reporting period is negative. This can be explained by:

- Only 5 months of results are included;
- Higher agency staff costs due to a relative high illness rate during the reporting period and staff shortages; and
- The transaction costs following the acquisitions.

Given that the above is incidental of nature, the underlying result is seen as positive, amongst others supported by fact that revenue has increased. The consolidated financial statements were authorized by the Board of Directors for issuance on March 27th, 2023.

(b) Period

These consolidated financial statements contain the period between the incorporation date (26 April 2022) up to 31 December 2022 (balance sheet date). Since the Company was founded in 2022, the financial statements of the Company of 2022 do not have comparative figures. On the 2nd of August 2022, Delphine Topholding B.V. acquired 100% of the voting rights and shares of Orange Topco B.V. and its subsidiaries, Orange Topco B.V. and its subsidiaries are consolidated in the financial statements of the Company as of that date.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis unless stated otherwise.

(d) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(e) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the 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 accounting estimates are recognized prospectively.

The estimates, assumptions and judgments that management considers most critical relate to:

- **Note 3 (n) – leases and lease classification:** the lease term and discount rate used.

Lease term

The lease term comprises the non-cancellable period of a lease contract, plus periods covered by a reasonably certain renewal option and periods covered by a termination option, which are not reasonably certain to be exercised. The group assesses whether it is reasonably certain to exercise renewal and termination options at lease commencement date and subsequently, if there is a change in circumstances. When determining the term of a lease the group takes into account all facts and circumstances, a.o. contractual terms and conditions, significant leasehold improvements, cost relating to termination of the lease, the non-cancellable period of a lease and availability of alternative locations.

Discount rate

For contracts for which the interest rate implicit in the lease cannot be readily determined, the Group uses incremental borrowing rates (IBR's) as a discount rate. The IBR is the rate that a lessee would pay to attract required funding to purchase the asset over a similar term, with a similar security and in a similar economic environment.

To determine the IBR the Group uses a three-pillars approach:

- The starting point is a risk-free rate. To reflect the applicable country and currency risk in the risk-free rate, the yields on suitable government bonds have been applied.
- Based on the difference between the borrowing rate and the risk-free rate, a credit spread is estimated in order to reflect company-specific credit risks. Since there is no publicly available credit rating available of the company an indicative credit rating estimation is conducted based on eight historical financial ratios derived from historical data. These financial ratios have been used to calculate an indicative score that was converted into a credit rating.
- Adjustments for the nature of the lease are made – related to the secured nature of the lease contract and a duration matching approach.

- **Note 4 (f (iii) and g (iii)) – Estimated useful life (in) tangible assets**

Management makes assessments to determine whether the useful life of an intangible asset is finite or indefinite and, if finite and for tangible assets, the length of that useful life. The useful life of tangible and intangible assets is reviewed each period to determine whether events and circumstances continue to support the useful life assessment for that asset.

- **Note 7 – Acquisition of subsidiary:** fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed. (In) tangible assets acquired in a business combination are stated at fair value, as determined at the date of the acquisition. To determine the fair value at the acquisition date judgments and estimates are required.

Trade names are valued by means of the Relief-from-Royalty approach in which, amongst others, external royalty rates were taken into account, whereas assumptions with regard to revenue growth and discount rate are most sensitive when estimating the value.

Customer relationships are valued by means of the Excess Earnings Method taken into account customer databases and historical attrition analysis. Whereas expected attrition pattern, revenue growth and discount rate are most sensitive when estimating the value.

Other (in) tangible assets acquired in a business combination are valued by means of the Cost Approach. The Cost Approach is a valuation approach that uses the concept of replacement cost as an indicator of Fair Value.

- **Note 24 – Income tax: uncertain tax positions**

The ultimate tax effects of transactions may be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions. The Group recognizes liabilities for uncertain tax positions when it is more likely than not that additional tax will be due. Judgment is required in determining whether deferred tax assets are realizable and therefore recognized in the balance sheet.

In the calculation of the income taxes the Company takes into account the tax facilities and non-deductible costs based on applicable tax Laws. Management evaluates positions taken with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has a group of specialists (supported by external specialists) which has overall responsibility for overseeing all significant fair value measurements and reports directly to the CFO.

3 Changes in accounting policies

Not applicable for the reporting period commencing 26 April 2022.

4 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is initially recorded as goodwill.

Any goodwill that arises is tested annually for impairment (see note 10). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement under financial income and expense.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rate ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation of non-current intercompany receivables and payables are recognized directly in a separate component of equity.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are recognized directly other comprehensive income and a separate component of equity. They are only recognized in the income statement upon disposal of the foreign operation.

(c) Financial instruments

(i) Recognition, initial and subsequent measurement

The Company has the following financial assets and liabilities: cash and cash equivalents, trade receivables, deposits, derivative financial instruments, loan and borrowings and trade payables.

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which

are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition. Financial instruments can only be included if they are in substance cash equivalents, e.g. debt investments with fixed redemption dates that are acquired within three months of their maturity.

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

The Group holds derivative financial instruments to hedge its interest exposure on loan and borrowings. Derivative financial instruments are initially recognized at fair value, attributable transaction costs are recognized in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized immediately in profit or loss.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Cash and cash equivalents are measured at nominal value which approximates the fair value due to the short term nature of the financial asset. A regular way purchase or sale of financial assets is recognized using trade date accounting.

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

(ii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(d) Equity

(i) Ordinary and preference shares

Incremental costs directly attributable to the issue of ordinary and preference shares, net of any tax effects, are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

(ii) Other reserves

This reserve is used to record equity of foundations ("stichtingen") that cannot be freely distributed by the Group because of statutory restrictions within the foundations.

(iii) Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(e) Impairment

Financial instruments

The Group recognizes loss allowances for ECLs on financial assets. The Company applies the simplified approach to measure the loss allowances of trade receivables at an amount equal to lifetime ECL's. For bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition the Company measures the loss allowance at 12 month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and lifetime ECL is to be estimated, the Group considers reasonable and supportable information that is relevant and available

without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the following occurs:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default, or being more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 120 days past due based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still

be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Assets under construction are leasehold improvements in progress. From the moment the leasehold improvement is finished, this asset will be depreciated.

The estimated useful lives of property plant and equipment for the current period are as follows:

• Leasehold improvements:	5 – 10 years
• Furniture and transport materials:	5 years
• Assets under construction:	Not applicable

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Disposals

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(g) Intangible assets and goodwill**(i) Recognition and measurement***Goodwill*

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is initially recorded as goodwill.

Goodwill arising on the acquisition of subsidiaries is subsequently measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets, including trademarks, customer relationships and software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Goodwill is not amortized.

The estimated useful lives for the current period is as follows:

• Trademarks:	5 – 15 years
• Customer relationships:	5 – 14 years
• Software:	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined benefit plan

The Company participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the Company accounts for the plan as if it were a defined contribution plan. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, like jubilee benefits and long-term illness compensation, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(iv) Share-based payments

A management participation plan ('MIP') has been set up to offer members of management the opportunity to indirectly participate in the Company, by means of an investment in depository receipts that are issued by a STAK (Stichting Administratiekantoor Orange). The STAK has been established to split the legal and economic rights of the shares. The STAK holds the right for 5.09% of the ordinary shares and holds the right of 1.43% of the preference shares in Delphine Topholding B.V. as per 31 December 2022.

The benefits of the MIP are subject to vesting conditions (based on timing) and to good- and bad-leaver conditions. In accordance with IFRS, the MIP qualifies as a group equity-settled plan at the level of the Company. As participants have purchased their investment at a value which is considered to be equal to the fair value at grant date (given the fact that the participants paid the same price as Waterland), no expenses have been recognized in the financial statements of the Company.

(i) Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(i) Jubilee

The provision for jubilee benefits is measured at the present value of expected benefits payable during employment. The provision is recognised for the estimated amount of future long-service awards, which is calculated on the basis of the commitments made, the likelihood of the staff concerned remaining with the Company, and their age.

(ii) Long term illness

The provision for long-term illness is recognized for the present value of the liabilities existing at the balance sheet date for continued payment of wages in the future to employees who, at the balance sheet date, are expected to be permanently unable to carry out work due to illness or occupational disability. Included in this provision are any possible severance payments due to these employees of the Company.

(iii) Restructuring

The provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced. Future operating losses are not provided for.

(j) Revenue

Information about the Group's accounting policies and identified performance obligations relating to contracts with customers is provided in Note 23.

(k) Subsidies

Subsidies are recognized at their fair value where there is reasonable certainty that the subsidy will be received, and the Company will comply with all attached conditions. Subsidies relating to costs are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate. Subsidies that compensate the Group for expenses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses are recognized.

The Group helps municipalities by offering high-quality preschool education (PE) for children who may be at greater risks of language backlogs when they enter primary school and/or children with special social/medical needs. The Group offers this service at specialized and/or regular daycare centers or in daycare centers within schools (IKC). The PE programmes the Group offers align with the programmes and practices of the municipality and/or school. In case children qualify for PE service,

but do not have access to the national childcare allowances for example because the parents do not work, the PE service of these children are paid for by the municipalities and recorded as subsidies by The Group. Where possible, The Group cooperates with municipalities to organise care for special-needs children.

(l) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- fair value movements of the financial derivatives.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset;
- or the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(m) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 12 Income Taxes and IFRIC 23 Uncertainty over Income Tax Treatments.

(i) **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) **Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax

asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(n) **Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision- making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purposes the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-of- use assets has been reduced to zero.

Lease payments

Lease payments are divided in principal cost and finance costs. Finance cost is charged to the profit and loss over the lease period. Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The basis for the lease payments in the case of real estate are mainly fixed amounts of rental payments. Many contracts do include clauses for indexation which qualify as 'variable payments based on an index or a rate' under IFRS 16, and therefore the current lease payments are taken into account in calculating the lease liability.

The lease portfolio of the Group also includes lease contracts that include variable lease payments that are not dependent on an index or a rate, but that are 'truly' variable, namely based on the number of children times an hourly rate. These contracts are the so called 'Kindplaatsen'. For these contracts the Group determines the fixed and variable lease payments (not depending on an index and rate) in the lease contracts and will only include the fixed lease payments in the calculation of the right-of-use asset and lease liability.

During the data collections process, the Group did not identify any amounts expected to be payable by the lessee under residual value guarantees. Next, the Group did not identify any purchase options that are reasonably certain to exercise, as well as any payments for terminating the lease if the lease term reflects early termination.

Lease term

In many contracts the lease term of the real estate is between 5 and 30 years. In most contracts the Group has the option to automatically extend the contract. The Group will estimate the reasonable certainty of such extension period and include this (if reasonably certain) in the lease term.

Regarding the contracts with schools, the lease term is often 1 year without extension of the contract. Due to applicable legislation the schools are not allowed to enter into a contract for a longer duration (often 1 school season). However, many of those contracts state that if both parties wish to extend this is often known a certain period before the new school year starts (i.e. one month). This results in a situation where the Group frequently will renew the lease with one additional year

before the end of the current one-year lease term. At that time the remaining lease term is 24 months. This triggers the question whether application of the short term lease accounting for that lease should be abandoned. However, the lease accounting guidance states that the lessee only loses eligibility for the short term lease exemption if the renewal period is greater than 12 months. Therefore, this exemption is not applied on these leases.

As noted above, those lease contracts with schools often have an one-year term whereas the school (being the lessor) has the option to not renew and end the lease. IFRS 16 dictates that such termination option by the school can only be taken into account if this could be exercised with no more than an insignificant penalty. The term "penalty" can be broadly interpreted but in order to make it practical for the Group it is noted that there are several locations where the Group has made an investment in the location (i.e. leasehold improvement). If such termination by the lessor would result in the lessor contractually bound to repay (part of) such investment, the Group will consider this in determining the lease term.

Short-term leases and leases of low-value assets

The group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair value hierarchy

The fair values of the derivative financial instruments are measured using a level 2 valuation method. The fair value is determined using quoted prices (unadjusted) in active markets for identical assets.

5 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 26 April 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. As these standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements, the estimated impact is not further disclosed, quantitatively and/or qualitatively.

6 List of subsidiaries

Set out below is a list of subsidiaries of the Group.

Dutch subsidiaries

Delphine Topholding B.V.	100%
Orange TopCo B.V.	100%
Childcare B.V.	100%
Partou Holding B.V.	100%
BOX Kinderopvang B.V.	100%
Partou B.V.	100%
KidsFoundation B.V.	100%
Twise Victory Publishing B.V.	100%
De Klompjes B.V.	100%
Groote Boel B.V.	100%
Ve-Te B.V.	100%
Vertah B.V.	100%
De Kindervilla Wereld Heemstede B.V.	100%
De Kindervilla Wereld in den Houte B.V.	100%

Delphine NewCo B.V.	100%
Orange Midco B.V.	100%
KidsFoundation Holdings B.V.	100%
BOX Kinderopvang 2. B.V.	100%
Zoete Lieve Gerritje Beheer B.V.	100%
Smallsteps B.V.	100%
Koningskinderen Holding B.V.	100%
ZLG Den Dungen B.V.	100%
Dol Fijn Kinderopvang B.V.	100%
Dol Fijn Peuteropvang B.V.	100%
De Kindervilla B.V.	100%
De Klimtoren B.V.	100%
Kinderopvang 't Goudvisje B.V.	100%

German subsidiaries

Partou Germany Bidco GmbH	100%
Kita Concept GmbH	100%

Kita Concept GmbH	100%
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United Kingdom subsidiaries

Partou UK Bidco Ltd	100%
Project Play Midco 1 Ltd	100%
Just Childcare Consultancy Services Ltd	100%
The Chestnuts Day Nursery Ltd	100%
Chestnuts Quedgeley Ltd	100%
Lytham Academy F.C. Ltd	100%
First Class Child Care Ltd	100%
Cherubs Day Nursey (sale) Ltd	100%
Primleys Park Children's Nurseries Ltd	100%
Pebbles Day Nursery Ltd	100%
Small World Day Nursey Ltd	100%
Wirral Nurseries Ltd	100%
Brambely Hedge Nursey Ltd	100%
Buttons & Bows Ltd	100%
Kids Corner Nursey and Pre-School Ltd	100%
Acorns in Adel Ltd	100%
Playdays Daycare Nursey Ltd	100%
The Village Day Nursey Ltd	100%

United Kingdom subsidiaries (continued)

Little Acorns (Sout West) Ltd	100%	Abbeywood Tots Day Nursey Ltd	100%	Dulwich Day Nursery Group Ltd	100%
Kiddy Factory Ltd	100%	100 Acrewood Ltd	100%	Scotts Wood Day Nurseries Ltd	100%
Park Wood Day Nurseries Ltd	100%	Funcare Ltd	100%	Sole Intentions Ltd	100%
All About Children Ltd	100%	Kiddy Factory Rentals Ltd	100%	Beaconsfield Day Nursery Ltd	100%
Just Childcare Holdings Ltd	100%	Footprints (Atherton) Ltd	100%	Gingerbread House Day Nursery Ltd	100%
Project Play Midco 2 Ltd	100%	Churchgate Day Ltd	100%	Langley Gorse Day Nursery Ltd	100%
Just Childcare Ltd	100%	Merchant Square Day Ltd	100%	Daybreak Nurseries Ltd	100%
The Chestnuts Nursery Ltd	100%	Leo's Childrens Nurseries Ltd	100%	Bambino Hannah House Nursery Ltd	100%
Giggles of Lytham (Day Nursey) Ltd	100%	Beech Green Day Nursery Ltd	100%	Silchester Manor Day Nursery Ltd	100%
FCCC Holdings Ltd	100%	Bambino Day Nursery Ltd	100%	Norwood Manor Day Nursery Ltd	100%
Cherubs Holdings Ltd	100%	Daybreak Interim Holdings Ltd	100%	Children's House Day Nursery Ltd	100%
Megellan Holdings Ltd	100%	Little Angels Nurseries Ltd	100%	Westfields Day Nursery Ltd	100%
Cetrolinear Ltd	100%	Nature's Nursery (Ascot) Ltd	100%	PlayPlus Kindergarten Ltd	100%
JW DW Ltd	100%	Cherry Trees Day Nursery Ltd	100%	Lavender Hill Day Nursery Ltd	100%
Little Manor Day Nursey Ltd	100%	The Little People (Gloucester) Ltd	100%	SJE Nurseries Ltd	100%
Safehands Day Nursey Ltd	100%	Outstanding Nursery Care Ltd	100%	Sycamore House Day Nursery Ltd	100%
Chicken Run Ltd	100%	Haddenham Day Nursery Ltd	100%	Bascule Ltd	100%
Ladybirds Private Day Nursey Ltd	100%	Smileys Creche Ltd	100%	Scotts Wood Private Day Nurseries Ltd	100%
Marjorie Monk Ltd	100%	Progress House Day Nursery Ltd	100%		
Woodlands Park Day Nursey Ltd	100%	Prospect House Day Nursery Ltd	100%		

All Dutch subsidiaries, availed themselves of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to section 403, the Company has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries.

7 Acquisition of subsidiaries

On the 2nd of August 2022, Delphine Topholding B.V. acquired 100% of the voting rights and shares of Orange Topco B.V. and its subsidiaries via Delphine NewCo B.V. Orange Topco is the indirect holding company of KidsFoundation B.V., Partou Holding B.V., Smallsteps B.V. and Just Childcare Limited. Orange Topco is primarily involved in activities related to childcare services, like nurseries, after-school care, stay-services and playschool. Further, Orange Topco, through its subsidiary Twise, operates a platform of children's books and associated learning apps. The activities of Orange Topco are carried out in the Netherlands and the United Kingdom.

Effective as per the 1st of October 2022 Delphine Topholding, through its subsidiary Partou UK Bidco Ltd, acquired 100% of the shares in All About Children Limited ("AAC") and 100% shares in SJE Nurseries Limited ("SJE"). AAC and SJE ("The AAC Group") are involved in providing childcare services through nurseries in the affluent areas of United Kingdom.

Effective as per 20 October 2022 Delphine Topholding, through its subsidiary Partou Germany Bidco GmbH, acquired 100% of the shares in Kita Concept GmbH ("Kita Concept" or "Kita"). Kita Concept is involved in providing childcare services through nurseries in Germany.

The Group also acquired 100% of the voting interests in the following entities in 2022, all of which are involved in activities related to childcare services.

- Registered offices in the Netherlands:
 - De Kindervilla B.V. (30 September 2022)
 - Kinderopvang 't Goudvisje B.V. (17 October 2022)
- Registered offices in the United Kingdom:
 - Footprints Limited (31 October 2022)

For further disclosure purposes, the "Orange Topco" acquisition, the "AAC" acquisition and the "KITA" acquisitions are regarded as a material business combination. The other acquisitions are disclosed in aggregate in the following tables.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

EUR 1,000					
	Orange Topco B.V.	All About Children Ltd.	Kita Concept	Other	Total
Cash	809,447	87,590	31,196	20,318	948,551
Earn-out	0	0	0	1,400	1,400
Other	0	0	927	0	927
Total consideration transferred	809,447	87,590	32,123	21,718	950,878

The consideration transferred of KitaConcept includes an estimate of an additional purchase price to be paid (line "other"). The estimate is based on future locations to be opened in the business plan. The consideration also includes the available cash at the acquired entities at the time of the acquisition (see also overview to the right).

Purchase consideration – cash outflow

EUR 1,000					
	Orange Topco B.V.	All About Children Ltd.	Kita Concept	Other	Total
Outflow of cash to acquire subsidiary, net of cash acquired	809,447	87,590	32,123	21,718	950,878
Cash consideration					
Less: cash balances acquired	25,628	9,109	4,921	1,739	41,397
Net outflow of cash – investing activities	783,819	78,481	27,202	19,979	909,481

Acquisition-related costs

The Group incurred acquisition-related costs of EUR 3,934 thousand relating to legal fees and due diligence costs for Orange Topco, EUR 1,735 thousand for AAC and EUR 642 thousand for Kita. These costs have been included in 'acquisition-related expenses' (Note 7).

Identifiable assets acquired and liabilities recognized

The following table summarises the recognized amounts at fair value of assets acquired and liabilities assumed at the acquisition date.

EUR 1,000	Note	Orange Topco B.V.	All About Children Ltd.	Kita Concept	Other	Total
Property, plant and equipment	8	68,350	3,246	389	1,201	73,186
Right-of-use assets	9	243,374	16,451	14,946	5,206	279,977
Intangible assets	10	269,665	14,886	10,434	6,235	301,220
Financial fixed assets	11	3,940	20	171	50	4,181
Trade receivables	12	2,081	174	716	199	3,170
Other current assets	13	10,790	1,629	850	970	14,239
Cash and cash equivalents	14	25,628	9,109	4,921	1,739	41,397
Loans and borrowings		(265,601)	(13,957)	–	–	(279,558)
Lease liabilities	9	(241,708)	(16,451)	(14,946)	(5,290)	(278,395)
Provisions	21	(5,527)	–	–	(1)	(5,528)
Deferred tax liabilities	27	(67,927)	(3,761)	(3,440)	(1,549)	(76,677)
Current tax liabilities		(13,272)	(333)	(165)	–	(13,770)
Trade payables	18	(13,505)	(1,386)	(2,276)	(124)	(17,291)
Other current liabilities	19	(23,415)	(2,532)	(3,069)	(2,806)	(31,822)
Deferred income/revenue	20	(50,093)	(1,744)	–	(391)	(52,228)
Accounts payable for earn outs		–	–	–	–	–
Net identifiable assets acquired		(57,220)	5,351	8,531	5,439	(37,899)
Less: non-controlling interests		–	–	–	–	–
Add: goodwill		866,667	82,239	23,592	16,279	988,777
Net assets acquired		809,447	87,590	32,123	21,718	950,878

The gross contractual amount of trade receivables is EUR 6,863 thousand (Orange Topco EUR 5,726 thousand; other EUR 1,137 thousand); the best estimate at the acquisition date of the contractual cash flows not expected to be collected is EUR 3,693 thousand (Orange Topco EUR 3,645 thousand).

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Tangible assets	<i>Market comparison technique and cost technique:</i> The valuation model considers market prices for similar items when available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	<i>Relief-from-royalty method, excess earnings method and cost approach:</i> The relief-from- royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. The excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets. The Cost Approach is a valuation approach that uses the concept of replacement cost as an indicator of Fair Value.

Goodwill

Goodwill has been recognized:

EUR 1,000	Orange Topco B.V.	All About Children Ltd.	Kita Concept	Other	Total
Goodwill	866,667	82,239	23,592	16,279	988,777

The goodwill is attributable mainly to the human capital organization, future customer relationships and the profitability of the business. Also, the goodwill is attributable to the fact the Company is capable of running a buy and build strategy in a professional way. Net result of Orange Topco B.V. in the reporting period is negative. This can be explained by:

- Only 5 months of results are included;
- Higher agency staff costs due to a relative high illness rate during the reporting period and staff shortages; and
- The transaction costs following the acquisitions.

Given that the above is incidental of nature, the underlying result is seen as positive, amongst others supported by fact that revenue has increased. Future results are expected to be positive.

None of the goodwill recognized is expected to be deductible for tax purposes.

Revenue and profit or loss since acquisition date

The amounts of revenue and profit or loss (before taxes) included in the consolidated statement of comprehensive income of the Group since acquisition date are summarized below.

EUR 1,000	Orange Topco B.V.	All About Children Ltd.	Kita Concept	Other	Total
Revenue	224,994	7,848	3,954	2,567	239,363
Profit/(loss)	(25,531)	(131)	(412)	71	(26,003)

If the acquisitions had occurred on 26 April 2022, management estimates that the acquisitions would have contributed the following revenue and result before tax to the full year results.

EUR 1,000	Orange Topco B.V.	All About Children Ltd.	Kita Concept	Other	Total
Revenue	344,475	22,723	14,810	9,343	391,351
Profit/(loss)	(23,186)	1,427	176	576	(21,007)

8 Property, plant and equipment

EUR 1,000

	Note	Land	Freehold	Leasehold improvements	Furniture and transport materials	Assets under construction	Total
Cost							
Balance at 26 April 2022		-	-	-	-	-	-
Acquisitions through business combinations	7	664	16,266	34,103	16,116	6,037	73,186
Other additions		-	-	545	929	7,988	9,462
Disposals		-	-	(2,012)	(1,209)	-	(3,221)
Reclassifications		-	-	4,983	3,597	(8,580)	-
FX-revaluation		(35)	(902)	(191)	(371)	(4)	(1,503)
Balance at 31 December 2022		629	15,364	37,428	19,062	5,441	77,924
Accumulated depreciation and impairment losses							
Balance at 26 April 2022		-	-	-	-	-	-
Depreciation		-	(184)	(2,346)	(2,469)	-	(4,999)
FX-revaluation		-	69	77	300	-	446
Disposals		-	-	1,595	1,100	-	2,695
Balance at 31 December 2022		-	(115)	(674)	(1,069)	-	(1,858)
Carrying amounts							
At 31 December 2022		629	15,249	36,754	17,993	5,441	76,066

9 Right-of-use assets and lease liabilities

The Group leases assets including buildings and vehicles. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

EUR 1,000	Note	Property	Other	Total
Carrying amount				
Balance at 26 April 2022		–	–	–
Acquisitions through business combinations	7	278,346	1,631	279,977
Additions and remeasurements		12,092	74	12,166
FX-revaluation		(1,747)	–	(1,747)
Depreciation		(14,766)	(371)	(15,137)
Balance at 31 December 2022		273,925	1,334	275,259

Lease liability

EUR 1,000	2022
Maturity analysis	
Less than one year	29,533
One to five years	119,585
More than five years	128,177
Balance at closing date	277,295

Amounts recognized in profit or loss

EUR 1,000	26 April – 31 December 2022
Interest on lease liabilities	(6,721)
Expenses relating to short-term and low-value leases	(479)
Depreciation charge	(15,137)

Amounts recognized in the statement of cash flows

EUR 1,000	26 April – 31 December 2022
Total cash outflow for leases	10,077

10 Intangible assets and goodwill

EUR 1,000		Note	Goodwill	Trademarks	Customer relationships	Software	Assets under construction	Total
Cost								
Balance at 26 April 2022			-	-	-	-	-	-
Acquisitions through business combinations	7		988,777	171,596	124,535	1,119	3,970	1,289,997
Investments			-	-	-	-	559	559
FX-revaluation			-	(613)	(549)	-	-	(1,162)
Adjustments			-	-	-	-	-	-
Balance at 31 December 2022			988,777	170,983	123,986	1,119	4,529	1,289,394
Accumulated amortization and impairment losses								
Balance at 26 April 2022			-	-	-	-	-	-
Amortization			-	(4,663)	(5,637)	(171)	-	(10,471)
FX-revaluation			-	79	95	3	-	177
Adjustments			-	-	-	-	-	-
Impairment loss			-	-	-	-	-	-
Balance at 31 December 2022			-	(4,584)	(5,542)	(168)	-	(10,294)
Carrying amounts								
At 26 April 2022			-	-	-	-	-	-
Balance at 31 December 2022			988,777	166,399	118,444	951	4,529	1,279,100

Amortization

The amortization of the trademarks, customer relationships and software is allocated to amortization in the profit and loss statement. The intangible asset category 'Trademark' exists mainly of the following individual assets: the 'Partou', 'Just Childcare', 'The Wonder Weeks', 'All about Children' and 'Kita Concept' trademarks.

Impairment testing for CGUs containing goodwill

The Company allocated the goodwill arising from the business combination to four CGU's (namely Childcare NL, Childcare UK, Childcare Germany and Adjacencies NL). The recoverable amount of a cash generating unit is determined based on fair-value-less- cost-of-disposal, following the recent acquisitions and subsequent purchase price allocation as per 2 August 2022, 29 September 2022 and 20 October 2022 which included the fair value less costs to sell for each group of CGU's. These calculations were based on the transaction business cases for the period 2022 to 2028, which are approved by management. Refer to note 31 for further information on the purchase price allocation and assumptions used. Based upon the most recent monthly result, management has no reason to doubt the accuracy of the transaction business case for the period 2022 to 2028. Therefore, no impairment adjustment was necessary.

11 Financial fixed assets

EUR 1,000	31 December 2022
Deposits	1,705
Loans	550
Derivatives	6,725
	8,980

All financial fixed assets are non-current, movements were as follows:

EUR 1,000	Note	Financial fixed assets
Balance at 26 April 2022		
Changes during the financial period:		
• Obtained in acquisition	7	4,181
• Deposits/ loans provided		1,012
• Derivatives bought		6,256
• Derivatives sold		(6,963)
Fair value movement derivatives		4,494
FX-revaluation		–
Total changes		8,980
Balance at 31 December 2022		
• Cost of acquisition		4,486
• Fair value movement		4,494
Carrying amount		8,980

12 Trade receivables

EUR 1,000	31 December 2022
Gross carrying amount of trade receivables	9,149
Loss allowance	(3,647)
	5,502

All trade receivables are current. Financial assets that were written off during the reporting period and are still subject to enforcement policy amount to nil.

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in note 22.

13 Other current assets

EUR 1,000	31 December 2022
Prepaid expenses	8,702
Subsidies	978
Total other current assets	9,680

Subsidies are subject to audits. After the audit the final amount is determined and settled.

14 Cash and cash equivalents

EUR 1,000	31 December 2022
Bank balances	46,958
Cash and cash equivalents in the statement of financial position	46,958
Cash and cash equivalents in the statement of cash flows	46,958

15 Capital and reserves

Refer to the Company financial statements for the capital and reserves.

16 Capital management

The Board of Director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The right balance must ensure that The Group has the right basis for a sustainable future under different circumstances.

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total of debt to lending institutions less cash and cash equivalents. The Group manages compliance with external requirements by regularly assessing the covenant outcomes (at least quarterly) as described in note 17. The Group's net debt to equity ratio at 31 December was as follows:

EUR 1,000	31 December 2022
Debt to lending institutions	440,544
Less cash and cash equivalents	(46,958)
Net debt	393,586
Total equity	761,510
Net debt to equity ratio	0.52

17 Loans and borrowings

Non-current liabilities

EUR 1,000	31 December 2022
Debt to lending institutions	440,544
	440,544

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 22 (ii).

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

EUR 1,000					
	Currency	Nominal interest rate	Year of maturity	Face value 31 December 2022	Carrying amount 31 December 2022
Senior Facility term EUR	EUR	6.5 + EURIBOR	2029	246,504	236,920
Super Senior Facility term	EUR	2.875 + EURIBOR	2029	140,000	134,278
Senior Facility term GBP	GBP	6.5 + SONIA	2029	70,199	69,346
Total interest-bearing liabilities				456,703	440,544

Debt with lending institution

The Company has a term loan of EUR 231.5 million and GBP 31.9 million and an acquisition facility of EUR 50.0 million; in total the Senior Facility term of EUR 316.7 million. During the year EUR 35 million has been converted into GBP before utilizing resulting in a GBP loan of 30.3 million. By the end of 2022 both the term loan and acquisition facility are fully utilized. The Company also has a Super Senior term loan (SS) of EUR 110 million and a SS acquisition facility of EUR 30 million; in total EUR 140 million. Both the term loan and acquisition facility are fully utilized.

The company also has a Super Senior revolving credit facility amounting to EUR 30 million which was not drawn as at 31 December 2022.

Interest rate on the term loan and acquisition facility is Euribor (or SONIA) +6.5%. The margin can be adjusted between Euribor (or SONIA) +6.0% and Euribor (or SONIA) +7.75% based on the consolidated net leverage ratio. Per the loan agreement, both Euribor (and SONIA) has a floor of 0%. The interest rate on the Super Senior facilities is Euribor + 2.875%. This margin can be adjusted between Euribor +2.875% and Euribor +3.25%. Per the loan agreement, Euribor has a floor of 0%. There are Sustainability KPIs agreed which can affect the margin. When the company don't realize the target score for any of the Sustainability KPIs, the margin will increase with 0.075% per annum. When the realized score on all Sustainability KPIs is equal to or better than the target score, the margin will decrease with 0.1% per annum.

The difference between the face value and the carrying amount of the debt with lending institutions are the amortized financing costs.

Covenants:

- For the Term loan and acquisition facility, Consolidated net leverage must be lower than 7.00:1 till 31 March 2024 and will drop to 5.00:1 per 31 March 2027.
- For the Super Senior Term loan and SS acquisition facility, Consolidated net leverage must be lower than 8.50:1 till 31 March 2024 and will drop to 6.50:1 per 31 March 2027.
- The consolidated net leverage calculation is: Consolidated debt to consolidated EBITDA.
- Guarantor Cover test must be $\geq 80\%$ (Guarantor EBITDA/ Group EBITDA).

The Group has complied with the financial covenants of its borrowing facilities as at year end 2022.

Pledges:

- Pledge over the shares in Orange TopCo B.V., Orange MidCo B.V., Partou UK Bidco Ltd, Childcare B.V., KidsFoundation Holdings B.V., KidsFoundation B.V., Smallsteps B.V., Koningskinderen Holding B.V., Partou Holding B.V., Partou B.V. and Delphine NewCo B.V.
- Pledge over material intercompany receivables.
- Pledge over material bank accounts.
- Pledge over movable assets, receivables and intellectual property rights.
- Pledge over receivables pursuant to the Acquisition Agreement.

Reconciliation of movements of liabilities to cash flows arising from financing activities

EUR 1,000	Note	31 December 2022
Balance at 26 April		–
Obtained in acquisition	7	265,577
Changes in financing cash flows:		
• Proceeds from loans and borrowings		207,818
• Repayment loans		(21,498)
Total changes from financing cash flows		186,320
Other changes		
Converted into share capital		–
Acquired loans and borrowings and finance leases		–
Capitalised borrowing costs		(8,924)
Accrued Interest expense		–
Interest paid		–
FX-revaluation		(2,429)
Total liability-related other changes		(11,353)
Balance at closing date		440,544

18 Trade payables

All trade payables are current. Information about the Group's exposure to currency and liquidity risk is included in note 22 (ii).

EUR 1,000	31 December 2022
Trade payables	23,876
	23,876

19 Other current liabilities

EUR 1,000	31 December 2022
Liability for social security	12,274
Pension premiums and other payables to employees	35,859
Accrued independent auditor's fees	452
Accrued housing costs	320
Accrued VAT	507
Accrued interest on loan	5,243
Advance payments received	95
Other	11,734
	66,484

All liabilities have a duration of less than one year. The liability for social security includes the social security's taxes and the premium discount liability. The pension premiums and other payables to employees includes the pension premiums and the holiday allowance. The accrued interest on loan is related to the external financing.

20 Deferred income/revenue

EUR 1,000	31 December 2022
Subsidies	4,187
Customer advances	44,807
	48,994
Non-current	–
Current	48,994
	48,994

Subsidy (mainly Preschool Education)

The subsidies are related to personnel, rent and children activities, which are mainly based upon subsidies for placing children in the specific PE day-care services, which must be accredited by the municipalities. The subsidies have been provided by advance payment in 2022 based on expected usage and will be used in 2023.

21 Provisions

EUR 1,000	Jubilee	Long term illness	Re-structuring	Total
Balance at 26 April 2022	–	–	–	–
Assumed in a business combination	3,344	1,912	272	5,528
Provisions made during the year	141	1,590	–	1,731
Provisions used during the year	(62)	(853)	(257)	(1,172)
Provisions reversed during the year	–	(141)	(15)	(156)
FX-revaluation	–	–	–	–
Balance at 31 December 2022	3,423	2,508	–	5,931

EUR 1,000	Jubilee	Long term illness	Re-structuring	Total
Non-current	3,362	1,899	–	5,261
Current	61	609	–	670
	3,423	2,508	–	5,931

The jubilee (anniversary) provision has been formed in accordance with the Dutch childcare collective labor agreement (CAO) for all personnel on the payroll of the Dutch childcare entities.

The long term illness provision has been formed for all personnel, where the Company has a high degree of certainty that they will not return to the labor process.

The jubilee provision has been discounted using a discount rate of 1,3%.

22 Financial instruments

Accounting classifications and fair values

The Company has the following categories of financial instruments:

Trade receivables, deposits, cash and cash equivalents, loan and borrowings and trade payables.

All financial assets and financial liabilities are measured at amortized cost (carrying amounts), which is a reasonable approximation of fair value.

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- currency risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The full Supervisory Board oversees the overall risk management.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The carrying amounts of financial assets represent the maximum credit exposure.

Impairment losses on financial assets recognized in profit or loss were as follows. The negative 207K in the reporting period was due to the write off of aged doubtful debts.

EUR 1,000	2022
Impairment loss on trade receivables arising from contracts with customers	(207)
	(207)

Trade and other receivables

The Company mitigates its credit risk by billing its – mainly private – customers in advance and receives the majority of its revenues through direct debits prior to delivering the child care service. Remaining outstanding receivables are closely monitored and if necessary a collection agency is used. The Company is taking measures to limit its exposure on overdue clients. No significant amounts relate to one specific counterparty.

Expected credit loss assessment for individual customers

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are applied to all customers.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December.

EUR 1,000	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
31 December 2022				
Current (not past due)	0.5%	1,882	(9)	Yes
1–30 days past due	10.2%	2,996	(305)	Yes
31–60 days past due	14.5%	462	(67)	Yes
61–90 days past due	33.5%	263	(88)	Yes
91–120 days past due	63.0%	192	(121)	Yes
More than 120 days past due	91.2%	3,354	(3,057)	Yes
		9,149	(3,647)	

Loss rates are based on actual credit loss experience over the past 2 years. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

EUR 1,000	2022
Balance at 26 April 2022	–
Acquired in business combination	(3,600)
Impairment loss on trade receivables	(207)
Net remeasurement of loss allowance	160
Balance at 31 December	(3,647)

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 47.0 million at 31 December 2022. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA3, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company 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. As of 2 August 2022, a revolving credit facility amounting to EUR 30 million has been secured. This credit facility of EUR 30 million was not used at the end of 2022.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and excluding the impact of netting agreements:

EUR 1,000	Carrying amount	Contractual cash flows					
		Total	2 months or less	2 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
31 December 2022							
Financial liabilities							
Debt to lending institution	440,544	613,417	5,375	27,864	33,332	521,765	25,081
Lease liabilities	277,295	405,036	7,814	40,195	46,005	125,828	185,194
Trade payables	23,876	23,876	21,233	1,106	834	703	–
	741,715	1,042,329	34,422	69,165	80,171	648,296	210,275

As disclosed in note 17, the Group has a debt to a lending institution that contains a loan covenant (leverage ratio) and a Guarantor Cover test. A future breach of covenant or Guarantor Cover test may require the Group to repay the loan earlier than indicated in the above table.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company operates in the Netherlands, the United Kingdom and in Germany, and is exposed to foreign exchange risk arising from currency exposure to the British pound sterling (GBP). Since the Company's subsidiaries primarily purchase and sell in local currencies, the Company's exposure to exchange rate movements in its commercial operations is limited. The Company is subject to foreign currency exchange risks due to exchange rate movements in connection with the translation of its foreign subsidiaries' income, assets and liabilities into euros for inclusion in its consolidated financial statements. Translation risk related to the Company's foreign subsidiaries is not actively hedged; however, the Company aims to minimize this exposure by funding its foreign operations in their functional currency wherever feasible.

Interest rate risk

In general, the Group currently faces an acceptable interest risk given the fact that the debt with the lending institution is based on a EURIBOR (and partly SONIA) plus margin, with a EURIBOR (resp. SONIA) floor of 0%. When the EURIBOR or SONIA increases above 0% (as is currently also the situation), the interest on the loan from lending institution will increase. To mitigate this risk, the Company has secured an interest cap for ca. 75% of the total euro exposure at a level of Euribor +4,0% and 75% of the total GBP exposure at a level of SONIA +5,5%. Also, at the end of each interest period the Company can choose between a 1, 3 or 6-months interest period, which makes it possible to fix the interest for a short period of time. As also disclosed in note 16 interest will go up when the leverage ratio goes up.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to management of the Group is as follows:

EUR 1,000	Carrying amount 31 December 2022
Fixed-rate instruments	
Financial liabilities	–
	–
Variable rate instruments	
Financial liabilities	440,544
	440,544

Fair value sensitivity analysis for fixed-rate instruments

At the reporting date, The Group accounted for a fixed-rate financial assets FVTPL (an interest rate cap on EURIBOR and SONIA). A change in interest rates at the reporting date would effect the Fair Value of these assets and therefore effect the results.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

EUR 1,000	Profit or loss		Equity, net of tax	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
31 December 2022				
Variable-rate instruments	(3,449)	3,449	(3,449)	3,449
Cash flow sensitivity (net)	(3,449)	3,449	(3,449)	3,449

23 Revenue

Revenue streams

The Group mainly generates revenues from the sale of day-care services. Revenue streams are mainly recognized over time.

EUR 1,000	26 April – 31 December 2022
Sales nurseries	166,089
Sales after-school care	64,822
Sales stay-services	622
Sales pre-school	6,004
Sales other	1,826
Total revenue from contracts with customers	239,363
Other income	9,911
Total revenue	249,274

Revenue is generated in the Netherlands (EUR 220.8 million), the United Kingdom (EUR 24.5 million) and Germany (EUR 4.0 million).

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

EUR 1,000	Note	31 December 2022
Receivables, which are included in 'trade receivables'	12	9,149
Contract liabilities	20	44,807

The contract liabilities (also: "customer advances") relate to the advance consideration received from customers for day-care services, for which revenue is recognised over time. There are no performance obligations with the original expected duration of one year or more. There are no significant changes in the nature and amount of the contract asset and the contract liability balances during the reporting period.

EUR 1,000	Note	2022
Revenue recognized that was included in the contract liability balance at the beginning of the period	20	–

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenues from the services rendered in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered.

There are mainly 4 type of services that the Company provides: nurseries, after-school care, stay-service and playschool. The nature and timing of satisfaction of performance obligations is for each and all of these services performed at a total level. The promise made in each type of service is not considered to be a different type of performance obligation and therefore no deviation has been made per service line. All services comprise the same type of performance obligation.

The Company provides a predefined number of hours of services to the customer for fixed price per hour or session. It is contractually agreed that any unused hours or sessions per month are non-refundable and expire at the end of the year. These hours can only be used if possible within the regular planning of the location. As the customers simultaneously receive and consume the benefits provided by the Company, revenue from the contract is recognized over time when services are rendered to the customer. In general, customers pay one month in advance.

Next to the provided services, the Company sells apps and books, this revenue is recognized at a point in time.

24 Income and expenses

Other income

EUR 1,000		26 April – 31 December 2022
	Note	
Government grants	20	6,869
Other		3,042
		9,911

Other expenses

EUR 1,000		26 April – 31 December 2022
	Note	
Housing expenses		(12,675)
Operating expenses		(11,402)
Acquisition-related expenses	7	(6,311)
Advisory costs		(3,017)
General and administrative expenses		(4,674)
IT costs		(3,653)
Other expenses		(3,428)
		(45,160)

25 Employee benefit expenses

EUR 1,000		26 April – 31 December 2022
	Note	
Wages and salaries		(126,203)
Social security contributions		(19,028)
Contributions to defined contribution plans		(8,881)
Costs of personnel settlement agreements		(1,221)
Hired personnel		(21,413)
Other personnel expenses		(8,459)
		(185,205)

The Company makes pension contributions to the Stichting Pensioenfondszorg & Welzijn (hereafter: pension fund), which is a multi-employer plan. The plan is a defined benefit scheme which is at retirement available to employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan as this information is not provided to the Company.

In addition to the Company more than 23,000 employers participate in the plan and the financial information provided to the Company on the basis of the contractual agreements is insufficient to reliably measure the Company's proportionate share in the plan assets and liabilities on defined benefit accounting requirements.

The amount contributed to the plan from April 26th till 31 December 2022 was EUR 16.1 million (of which employer contribution is EUR 8.9 million). The contributions were made for current service and these have been recognized in the statement of profit or loss.

Expected contributions to the plan for the next full annual reporting period amount to EUR 44.9 million (of which employer contribution is EUR 23.3 million), which is based on payments made to the multi-employer plan during the current fiscal year.

The coverage ratio of the pension fund is 109.2% per 31 December 2022. The Company has no additional funding requirements, besides higher future contributions to be made due to the level of the coverage ratio. Also, the Company does not have any rights towards any potential surplus of the pension fund.

26 Finance income and expenses

EUR 1,000		26 April – 31 December 2022
	Note	
Financial liabilities measured at amortized cost – interest expense		(11,871)
Interest on lease liabilities	9	(6,721)
Fair value movements derivatives	11	4,494
Finance costs recognized in profit or loss		(14,098)

27 Income tax credit/(expense)

Amounts recognized in profit or loss

EUR 1,000	26 April – 31 December 2022
Current tax (expense)/credit	
Current year	(2,049)
Changes in estimates related to prior years	–
	(2,049)
Deferred tax credit/(expense)	
Origination and reversal of temporary differences	3,426
Change in tax rate	–
Recognition of previously unrecognized deductible temporary differences	–
	3,426
Tax credit/(expense) on continuing operations	1,377

As per year end 2022 the following changes were substantively enacted and therefore incorporated into the calculations of the deferred tax assets and liabilities at 31 December 2022:

- As per 1 April 2023, an increase in the UK corporate tax rate from 19.0% to 25.0%.

These changes have been incorporated into the calculations of the deferred tax assets and liabilities at 31 December 2022.

The tax legislation in relation to expenditures incurred in association with acquisitions is complex and subject to recent changes. The business acquired in 2022 have a long history of acquisitions and related expenditures. From 2017 onwards, the deductible expenses have been analysed and categorized in detail with the assistance of external tax experts. The Group considers it probable that a tax deduction for acquisition-related expenses will be available for 2022 on the same basis. In 2018 and 2019 the tax deduction was based on estimates, in 2020, 2021 and 2022 a more precise analysis has been done. Furthermore, the Group applied fiscal earnings stripping rules to its calculation of deductible interest expenses. The tax treatment of these positions remains uncertain until the 2017 and onwards filings have been accepted by tax authorities.

Reconciliation of effective tax rate

EUR 1,000	2022	
	%	
Profit/(loss) before tax from continuing operations		(26,003)
Tax using the Company's domestic tax rate	25%	6,465
Reduction in tax rate		
Tax effect of:		
• Non-deductible expenses	-1%	(363)
• Change in tax rate	0%	–
• Origination and reversal of temporary differences	-18%	(4,725)
• Adjustments prior year	0%	–
	6%	1,377

Movement in deferred tax balances

EUR 1,000	Net balance at 26 April 2022	Acquired in business combinations	Recognized in profit or loss	Other	Net balance at 31 December	Deferred tax assets	Deferred tax liabilities
31 December 2022							
Property, plant and equipment	–	(3,221)	91	20	(3,110)	–	(3,110)
Goodwill	–	3,488	(956)	–	2,532	2,532	–
Intangible assets	–	(76,745)	2,609	46	(74,090)	–	(74,090)
Unfavorable lease	–	–	–	–	–	–	–
Deductable interest	–	207	746	–	953	953	–
Right-of-use asset	–	(72,435)	753	–	(71,682)	–	(71,682)
Lease liability	–	72,029	183	–	72,212	72,212	–
Tax (liabilities)/assets before set-off	–	(76,677)	3,426	66	(73,185)	75,697	(148,882)
Set off of tax						(71,682)	71,682
Net tax assets/(liabilities)						4,015	(77,200)
Non-current						2,266	(66,807)
Current						1,749	(10,393)
						4,015	(77,200)

Deferred tax assets and liabilities

In the period of 26 April – 31 December 2022 the Group did not recognize a deferred tax asset for tax deductible goodwill (note 10).

28 Commitments

Guarantees issued

The Company has provided an amount of EUR 3.3 million for bank guarantees. These are related to several rental agreements. Corporate guarantees amount to EUR 1.2 million.

Lease commitments

The Group leases buildings, units, cars and equipment under operating leases. The Group decided to apply IFRS 16 recognition exemptions to short-term leases and to low value leases (value EUR 5 thousand or less). The yearly expense for these leases amounts to EUR 0.5 million. For leases of other assets, the Group recognized right-of-use assets and lease liabilities. For further disclosures refer to note 4 and 9.

29 Contingencies

Fiscal unity

For corporate income tax purposes, Delphine Topholding B.V. and all Dutch limited liability companies ('B.V.') listed in notes 6 List of subsidiaries are a Dutch fiscal unity. All UK limited liability companies ('Ltd') are part of an English fiscal group. Pursuant to the Collection of State Taxes Act, the Company and its subsidiary are both severally and jointly liable for the tax payable by the combination. The German liability companies ("GmbH") are still independently taxable entities. Settlement within the fiscal unity between the Company and its Dutch subsidiaries takes place through current account positions.

In the financial statements of Delphine Topholding B.V. tax expenses are calculated on the basis of the commercial result realized by Delphine Topholding B.V. The entities in the fiscal unities settle these expenses through their intercompany accounts.

30 Related parties

Transactions with key management personnel

Key management personnel compensation

Key management personnel compensation comprised the following:

EUR 1,000	26 April – 31 December 2022
Short-term employee benefits	381
Post-employment benefits	11
Other long-term benefits	–
Termination benefits	–
Share-based payments	–
	392

Key management are the directors of Delphine Topholding B.V. The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions, allowances on termination of employment and incentives to the extent that these items were charged to the Company. Post-employment benefits relate to a defined contribution pension scheme.

Key management personnel transactions

A management participation plan ('MIP') has been set up to offer members of management the opportunity to indirectly participate in the Company, by means of an investment in depository receipts that are issued by a STAK (Stichting Administratiekantoor Orange). The STAK has been established to split the legal and economic rights of the shares. The STAK holds the right for 5.09% of the ordinary shares and holds the right of 1.43% of the preference shares in Delphine Topholding B.V. as per 31 December 2022.

The benefits of the MIP are subject to vesting conditions (based on timing) and to good- and bad-leaver conditions. In accordance with IFRS, the MIP qualifies as a group equity-settled plan at the level of the Company. As participants have purchased their investment at a value which is considered to be equal to the fair value at grant date (given the fact that the participants paid the same price as Waterland), no expenses have been recognized in the financial statements of the Company.

Other related party transactions

EUR 1,000	Income and expense for the period 26 April – 31 December 2022	Balance outstanding at 31 December 2022
Management loan	3	550

All outstanding balances with these related parties are priced on an arm's length basis. None of the balances is secured. No expense has been recognized in the current year or prior year for bad of doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

31 Subsequent events

On January 26, 2023, the Group acquired 100% of the shares and the voting interests in "Kinderdagverblijf Het Sprookjesbos B.V." and "Media Kinderopvang B.V." As per the date of issuing these financial statements, initial accounting including purchase price allocation for the acquisitions has not been completed yet. Therefore, the Group will report the remaining required disclosures under IFRS 3 on the acquisitions in its 2023 financial statements.

The Company has signed several letters of intent to acquire the shares and the voting interests in several Dutch and UK entities. These intended acquisitions can be financed within the current loan agreements. All are active in the field of providing childcare and related services. These acquisitions will enable the Group to meet its ambition to expand.

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Company statement of financial position

(Before profit appropriation)

EUR 1,000	Note	31 December 2022
Assets		
Intangible assets and goodwill		–
Financial fixed assets	33	743,716
Deferred tax assets	27	–
Non-current assets		743,716
Other current assets	34	39,836
Cash and cash equivalents		1,501
Current assets		41,337
Total assets		785,053

EUR 1,000	Note	31 December 2022
Equity		
Ordinary share capital	35	1,677
Preference share capital	35	6,141
Share premium ordinary shares	35	173,534
Share premium preference shares	35	607,903
Currency translation reserve	35	(3,119)
Accumulated result	35	–
Unappropriated result	35	(24,750)
Equity attributable to owners of the Company		761,386
Total equity		761,386
Other current liabilities	36	23,667
Total liabilities		23,667
Total equity and liabilities		785,053

Company statement of profit or loss

for period 26 April – 31 December 2022

EUR 1,000

	Note	26 April – 31 December 2022
Share in result from participating interests, after taxation	33	(24,647)
Other income and expenses, after taxation		(103)
Net Result		(24,750)

Notes to the company financial statements

General

These company financial statements and the consolidated financial statements together constitute the statutory financial statements of Delphine Topholding B.V. (hereafter: 'the Company'). The financial information of the Company is included in the Company's consolidated financial statements, as presented on pages 6 to 55.

32 Basis of preparation

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of result for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements.

Information on the use of financial instruments and on related risks for the group is provided in the notes to the consolidated financial statements of the group.

All amounts in the company financial statements are presented in EUR thousand, unless stated otherwise.

Participating interests in group companies

Group companies are all entities in which the Company has direct or indirect control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the group company ceases. Participating interests in group companies are accounted for in the company financial statements according to the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which the control, significant influence or joint control ceases.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Share of result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

The Company makes use of the option to eliminate intragroup expected credit losses against the book value of loans and receivables from the Company to participating interests, instead of elimination against the equity value of the participating interests.

Corporate income tax

The Company recognizes the portion of corporate income tax that it would owe as an independent tax payer, taking into account the allocation of the advantages of the fiscal unity. Settlement within the fiscal unity between the Company and its subsidiaries takes place through current account positions.

33 Financial fixed assets

Movements in financial fixed assets were as follows:

EUR 1,000	Participating interests in group companies
Balance at 26 April 2022	
• Cost of acquisition	–
• Accumulated revaluations	–
Carrying amount	–
Changes during the financial year:	
• Investments and loans provided	771,482
• Share in result of participating interests	(24,647)
• Dividends received from participating interests	–
• FX-revaluation	(3,119)
Total changes	743,716
Balance at 31 December 2022	
• Cost of acquisition	771,482
• Accumulated revaluations	(27,766)
Carrying amount	743,716

The Company is the holding Company and has the following financial interest:

Name	Legal seat	Share in issued capital %
Delphine NewCo B.V.	Bussum	100

34 Other current assets

EUR 1,000	31 December 2022
Receivable from group companies	39,836
Other current receivables	–
Total other current assets	39,836

35 Shareholders' equity

Reconciliation of movements in capital and reserves

EUR 1,000									
	Note	Ordinary share capital	Preference share capital	Share premium ordinary shares	Share premium preference shares	Currency translation reserve	Accumulated result	Unappropriated result	Total Equity
Balance at 26 April 2022		–	–	–	–	–	–	–	–
Changes in financial period:									
Contributions and distributions:									
• Issued shares		1,592	6,053	165,080	599,226	–	–	–	771,951
• Convertible shares		85	88	8,454	8,677	–	–	–	17,304
• Result for the year		–	–	–	–	–	–	(24,750)	(24,750)
• Result appropriation prior year		–	–	–	–	–	–	–	–
• Dividends		–	–	–	–	–	–	–	–
• Other movements		–	–	–	–	(3,119)	–	–	(3,119)
Balance at 31 December 2022		1,677	6,141	173,534	607,903	(3,119)	–	(24,750)	761,386

Share capital and share premium

x € 1	Ordinary shares 2022
In issue at 26 April	–
Issued for cash	1,592,206
In issue at 31 December – fully paid	1,592,206
Authorized number of shares – par value EUR x 0.01	159,220,574

x € 1	Preference shares 2022
In issue at 26 April	–
Issued for cash	6,052,783
In issue at 31 December – fully paid	6,052,783
Authorized number of shares – par value EUR x 0.01	605,278,325

Ordinary shares

At 31 December 2022, the authorized ordinary share capital comprised 159,220,574 ordinary shares. All shares have a par value of EUR 0.01. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive a return as declared from time to time and are entitled to one vote per share at meetings of the Company.

Preference shares

At 31 December 2022, the authorized preference share capital comprised 605,278,325 preference shares. All shares have a par value of EUR 0.01. All issued shares are fully paid.

Insofar the result of the year allows, the holders of the preference shares are entitled to a return of 10% of the sum of (i) the (remaining) amount of preference share capital, (ii) the cumulative preference shares mandatory reserve and (iii) unallocated return on the preference shares, before any returns are allocated to ordinary shareholders. If profit of the year is insufficient, the unallocated amount is a contingent return to be allocated to the cumulative preference shares mandatory reserve, once the profit in future years allow this allocation. As per 31 December 2022 the contingent return is EUR 24.1 million. Payment of any return to cumulative preference shareholders is subject to approval of the Board of Directors and the General Meeting of Ordinary Shareholders of the Company. It's the companies policy not to pay out any returns, as is also the case in 2022.

Share premium

The share premium concerns the income from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income).

Convertible shares

At 31 December 2022 a total loan of EUR 17,304 has been issued to Delphine Topholding B.V. which can be converted into 8,539,537 ordinary shares and 8,764,570 preference shares with the characteristics as already described above.

Unappropriated result

Proposal for profit appropriation 2022

The Board of Directors proposes to the General Meeting to appropriate the result after tax for the period 26 April – 31 December 2022 to the dividend reserve ordinary shares. The result after tax for the period 26 April – 31 December 2022 is included in the item unappropriated result within equity.

The Company can only make payments to the shareholders and other parties entitled to the distributable result in so far as (1) the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and (2) the shareholders' equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test). If not, management of the Company shall not approve the distribution.

Reconciliation of shareholders' equity and net result per the consolidated financial statements with shareholders' equity and net result per the company financial statements

EUR 1,000	31 December 2022
Shareholders' equity according to the consolidated statement of financial position	761,510
• Equity of the consolidated foundations	(124)
Shareholders' equity according to the company statement of financial position	761,386
Net result according to the consolidated profit and loss account	(24,626)
• Result of the consolidated foundations	(124)
Net result according to the company profit and loss account	(24,750)

Equity of the foundations

The Company consolidates the foundations as mentioned in note 4.d (ii). For the company financial statements, the Company is not allowed to account for the foundations within the Group on the net asset value based on equity ("stichtingsvermogen") of the foundations because from a legal perspective, the Company does not own the foundations.

Result of the foundations

In addition to above, the Company is not allowed to add the result of the foundations to the profit and loss of the respective year for the company financial statements.

36 Other current liabilities

EUR 1,000	31 December 2022
Payables to group companies	21,501
Other current liabilities	2,166
Total other current liabilities	23,667

37 Financial instruments

General

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.
- Currency risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements of Delphine Topholding B.V.

38 Off-balance sheet assets and liabilities

Several liability and guaranteess

All Dutch subsidiaries, availed themselves of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to section 403, the Company has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries.

Together with its subsidiaries, the Company forms a fiscal unity for corporate income tax purposes. Pursuant to the Collection of State Taxes Act, the Company and its subsidiary are both severally and jointly liable for the tax payable by the combination. Settlement within the fiscal unity between the Company and its subsidiaries takes place through current account positions.

39 Number of employees

During the financial period of 26 April – 31 December 2022, no employees were directly employed by the Company Delphine Topholding B.V. The average number of staff employed by the Group, converted into full-time equivalents is 8,151 (of which in the Netherlands: 6,725), in headcount 12,268 (10,074 in the Netherlands).

40 Independent auditor's fee

The following fees were charged by PricewaterhouseCoopers Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

EUR 1,000	26 April – 31 December 2022		
	Pricewaterhouse Coopers Accountants N.V.	Other Pricewaterhouse Coopers network	Total Pricewaterhouse Coopers Accountants N.V.
Audit of the financial statements	426	–	426
Other audit engagements	156	989	1,145
Other non-audit services	–	–	–
Tax services	–	–	–
	582	989	1,571

The fees mentioned in the table for the audit of the financial statements for the period 26 April – 31 December 2022 relate to the total fees for the audit of the financial statements 26 April – 31 December 2022, irrespective of whether the activities have been performed during the financial period 26 April – 31 December 2022.

41 Related parties

Transactions with key management personnel

Key management personnel compensation

Key management personnel compensation comprised the following:

The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions, allowances on termination of employment and incentives to the extent that these items were charged to the Company.

Key management personnel transactions

EUR 1,000	26 April – 31 December 2022
Short-term employee benefits	381
Post-employment benefits	11
Other long-term benefits	–
Termination benefits	–
Share-based payments	–
	392

A management participation plan ('MIP') has been set up to offer members of management the opportunity to indirectly participate in the Company, by means of an investment in depository receipts that are issued by a STAK (Stichting Administratiekantoor Orange). The STAK has been established to split the legal and

economic rights of the shares. The STAK holds the right for 5.09% of the ordinary shares and holds the right of 1.43% of the preference shares in Delphine Topholding B.V. as per 31 December 2022.

The benefits of the MIP are subject to vesting conditions (based on timing) and to good- and bad-leaver conditions. In accordance with IFRS, the MIP qualifies as a group equity-settled plan at the level of the Company. As participants have purchased their investment at a value which is considered to be equal to the fair value at grant date (given the fact that the participants paid the same price as Waterland), no expenses have been recognized in the financial statements of the Company.

Other related party transactions

The following balance with related parties is included in the company financial statements of the Company.

EUR 1,000	Income and expense for the period 26 April – 31 December 2022	Balance outstanding at 31 December 2022
Management loan	3	550

Remuneration of managing and supervisory directors

The emoluments, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the Company, its subsidiaries and consolidated other companies amounted to EUR 0.4 million for executives and EUR 0.1 million for supervisory directors. Also refer to the consolidated financial statements note 30.

Vianen, March 27th, 2023

Delphine Topholding B.V., behalf

Executive Board

J.J.C. Westerink
Chief Executive Officer
w.s.

M.C.G. Iacono
Chief Financial Officer
w.s.

Supervisory Board

J.H. Scheepers
w.s.

T. Simons
w.s.

J.J.A.M. Castenmiller
w.s.

S.H.M. Winkinius
w.s.

M.C. van der Sluijs-Plantz
w.s.

H.J. Terwijn
w.s.

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Provisions in the Articles of Association governing the appropriation of profit

Article 26. Profits. Reserves.

26.3 The General Meeting is authorised to allocate the profits accrued in a financial year as determined by the adoption of the annual accounts and to determine the distributions, all in accordance with the provisions of these Articles of Associations and with due observance of the limitations prescribed by law.

26.4 Annually, the General Meeting resolves that from the profits earned in a financial year, as determined by the adoption of the annual accounts, will be added to the Preference Shares Profit Reserve (unless the General Meeting resolves to make a distribution with due observance of the provisions of Article 30) a cumulative preferred dividend of ten percent (10%) on an annual basis, calculated on the basis of the sum of:

- (a) the aggregate nominal value of the issued Preference Shares;
- (b) the Preference Shares Share Premium Reserve;
- (c) the Preference Shares Profit Reserve; and
- (d) the cumulative preferred dividend not yet distributed or added to the Preference Shares Profit Reserve from preceding financial years (if any).

If, in a financial year, no profit is made or the profits are insufficient to allow the reservation or distribution provided for in the preceding sentence, the deficit will be charged at the expense of the profits earned in following financial years or, if possible, at the expense of any other free reserve of the Company.

26.5 The cumulative preferred dividend of ten percent (10%) as referred to in Article 26.4 will accrue on an annual basis, based on a financial year starting on the first day of January and ending on the thirty-first day of December. If new Preference Shares are issued, in that year, the cumulative preferred dividend of ten percent (10%) will accrue on such new Preference Share as of and including the day of issuance until and including the thirty first day of December of that year.

26.6 The profit remaining after application of Article 26.4 will be added to the Ordinary Shares A Profit Reserve and the Ordinary Shares B Profit Reserve in proportion to the total number of issued and outstanding Ordinary Shares A and Ordinary Shares B respectively, unless the General Meeting decides otherwise with due observance of Article 27.

Article 27. Distributions

27.1 The General Meeting may resolve to make a distribution, which distribution will be made as follows:

- (a) Firstly: to the holders of Preference Shares in proportion to the aggregate nominal value of the Preference Shares held by each of them, an amount equal to the sum of:
 - (i) the nominal value of the Preference Shares (as far as not distributed yet);
 - (ii) the Preference Shares Share Premium Reserve;
 - (iii) the Preference Shares Profit Reserve; and
 - (iv) any cumulative preferred dividend accrued but not yet distributed or added to the Preference Shares Profit Reserve from preceding financial years and the current financial year, then calculated with due observance of Article 26 over the period until the day that this amount is made payable;
- (b) secondly, any remaining proceeds to the holders of the Ordinary Shares A and the holders of Ordinary Shares B in proportion to the aggregate nominal value of Ordinary Shares A and Ordinary Shares B held by each of them.

27.2 The authority of the General Meeting to make distributions applies to both (i) distributions at the expense of non-appropriated profits and (ii) distributions at the expense of any reserves, and to both (i) distributions on the occasion of the adoption of the annual accounts and (ii) interim distributions, all without prejudice to the provisions of Article 30.1.

27.3 A resolution to make a distribution will not be effective until approved by the Board of Directors. The Board of Directors may only refuse to grant such approval if it knows or reasonably should foresee that after the distribution the Company would not be able to continue to pay its debts as they fall due.

Non-voting shares and shares with/without limited profit sharing rights

The Company has 196,643,586 non-voting shares (so-called preference shares). These shares do not entitle the holder to voting rights in the General Meeting, but only entitle the holder to a share in the distributable profits and reserves.

Independent Auditor's report

The independent auditor's report is set out on the next pages.

Independent auditor's report

To: the general meeting and the supervisory board of Delphine Topholding B.V.

Report on the financial statements for the period 26 April 2022 to 31 December 2022

Our opinion

In our opinion:

- the consolidated financial statements of Delphine Topholding B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the period from 26 April 2022 to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Delphine Topholding B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the period from 26 April 2022 to 31 December 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements for the period 26 April 2022 to 31 December 2022 of Delphine Topholding B.V., Bussum. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the following consolidated statements for the period from 26 April – 31 December 2022: the statement of profit or loss account and other comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2022;
- the company statement of profit or loss for the period from 26 April – 31 December 2022; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

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

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

Independence

We are independent of Delphine Topholding B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (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).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included the executive board's risk assessment process, the executive board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We note that management has not formalised its fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the code of conduct and whistle blower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
<p><i>The risk of management override of controls</i></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in:</p> <ul style="list-style-type: none">the appropriateness of journal entries and other adjustments made in the preparation of the financial statements;estimates;significant transactions, if any, outside the normal course of business for the entity. <p>Management might be facing pressure to show growth in revenues and results in order to show value creation to its stakeholders.</p> <p>In this context we paid particular attention to journals that could positively influence the earnings before interest, tax, depreciation and amortisation ('EBITDA').</p>	<p>Where relevant to our audit, we evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties and reported our observations to the executive board and the persons charged with governance.</p> <p>We performed data analysis of high-risk journal entries, including unexpected account combinations increasing EBITDA in the period ended on 31 December 2022. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures include, amongst others, inspection of the entries to source documentation.</p> <p>We performed substantive audit procedures on significant transactions outside the normal course of business, such as the acquisitions in the United Kingdom and Germany. We traced these acquisitions back to the underlying contract and determined that the results of the subsidiaries were included as of the correct acquisition date.</p> <p>We also performed specific audit procedures related to important estimates of management, including the valuation of the intangible assets that are recognised as a result of the acquisitions made during the year. We specifically paid attention to the inherent risk of bias of management in estimates.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.</p>

Identified fraud risks

The risk of fraudulent financial reporting due to non-existence revenue

Delphine Topholding aims for growth in revenue through the acquisition of new subsidiaries. This is reflected in the budget for the year as approved by the supervisory board. In general, this may cause pressure on management to show this revenue increase through overstatement of revenue by entering fictitious turnover.

Our audit work and observations

Where relevant to our audit, we evaluated the design and effectiveness of the internal control measures related to revenue recognition and reported our observations to the management board and the persons charged with governance.

We performed analytical procedures on the revenues on a monthly basis for the whole year 2022. We assessed whether the developments in the revenues were in line with our expectations based on developments in the childcare sector with respect to prices and number of children at daycare facilities. In addition, we took into consideration newly acquired companies and assessed whether revenues were only included as of the date the company acquired control over these newly acquired companies. No unexplained developments exceeding our thresholds were noted.

We performed data analysis on journal entries, including unexpected account combinations increasing revenues. We also paid particular attention to consolidation and elimination entries, focusing on testing entries that affect revenue in the relevant fiscal year. These entries were traced back to underlying documentation.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence and occurrence of the revenue reporting.

We incorporated an element of unpredictability in our audit. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

The executive board prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements. Our procedures to evaluate the executive board's going-concern assessment included, amongst others:

- considering whether the executive board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks);

- considering whether the executive board's going-concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with the executive board regarding the executive board's most important assumptions underlying its going-concern assessment. Amongst others, the executive board took into consideration labour shortages and increasing rental and energy costs;
- evaluating the executive board's current budget including cash flows for at least twelve months from the date of preparation of the financial statements, taken into account current developments in the industry such as price elasticity of demand for childcare and all relevant information of which we become aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;

- performing inquiries of the executive board as to its knowledge of going-concern risks beyond the period of the executive board's assessment.

Our procedures did not result in outcomes contrary to the executive board's assumptions and judgements used in the application of the going-concern assumption.

Report on the other information included in the annual report

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

Based on the procedures performed as set out below, we conclude that the other information:

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

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

By performing our 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 such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the executive 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 executive board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The executive board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud

or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 27 March 2023

PricewaterhouseCoopers Accountants N.V.

Original has been signed by W.F.J. Vermeulen RA

Appendix to our auditor's report on the financial statements for the period 26 April 2022 to 31 December 2022 of Delphine Topholding B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

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 consisted, among other things of the following:

- 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 intentional 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 Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the 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.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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

Colophon

Vianen, March 27, 2023

KVK 72236256 – These Financial Statements have been adopted by the General Meeting of Shareholders on 27 May 2023

Design and realisation: CF Report