



# Annual Report 2018

# Companies

## HOLDING

### Simac Techniek NV

Eric van Schagen, CEO  
 Michael van Kasteren, CFO  
 De Run 1101  
 5503 LB Veldhoven (the Netherlands)  
 telephone +31 (0)40 258 29 44  
 www.simac.com  
 Chamber of Commerce no.:  
 17057712

## ICT COMPANIES THE NETHERLANDS

### Simac ICT Nederland bv

Wim van der Velden  
 De Run 1101  
 5503 LB Veldhoven (the Netherlands)  
 telephone +31 (0)40 258 29 11

### Simac Business Solutions bv

Wim van der Velden  
 De Run 1101  
 5503 LB Veldhoven (the Netherlands)  
 telephone +31 (0)40 258 28 00

### Simac Phobos bv

Wim van der Velden  
 De Run 1101  
 5503 LB Veldhoven (the Netherlands)  
 telephone +31 (0)40 258 28 80

### Simac B.sis bv

Frank Jansen  
 Baarnsche dijk 4A  
 3741 LR Baarn (the Netherlands)  
 telephone +31 (0)35 542 71 00

## ICT COMPANIES ABROAD

### Simac NV

Patrick Bontinckx / Jan Bueken  
 KMO Zone Guldendelle  
 Arthur De Coninckstraat 5  
 B-3070 Kortenberg (Belgium)  
 telephone +32 (0)2 755 15 11

### Simac International Services bv

Patrick Bontinckx / Jan Bueken  
 De Run 1101  
 5503 LB Veldhoven (the Netherlands)  
 telephone +31 (0)40 258 29 11

### Simac Technik CR as

Dusan Bruoth  
 Avenir Business Park budova B  
 Radlicka 740/113C  
 158 00 Prague 5 (Czech Republic)  
 telephone +42 (0)2 8306 1281

### Prodisight NV

Patrick Bontinckx / Jan Bueken  
 KMO Zone Guldendelle  
 Arthur De Coninckstraat 5  
 B-3070 Kortenberg (Belgium)  
 telephone +32 (0)2 755 15 11

### Simac BMS GmbH

Joël Thys  
 Händelstrasse 25-29  
 50674 Cologne (Germany)  
 telephone +32 (0)2 755 15 11

### Simac PSF SA

Willy Hans  
 2, Rue Léon Laval  
 L-3372 Leudelange (Luxembourg)  
 telephone +35 (0)2 541 454

### Wavetel SAS

Hubert Chartin  
 13, Boulevard Jean Monnet  
 F-56260 Larmor Plage (France)  
 telephone +33 (0) 297 353 612

## OTHER COMPANIES

### Aranea Consult bv

Aad van den Boogaart  
 De Gruyterfabriek  
 Veemarktkade 8-locatie 7136  
 5222 AE 's-Hertogenbosch (the Netherlands)  
 telephone +31 (0)73 646 1660

### Simac Document Solutions bv

Peter Bouwmans  
 Ampèrestraat 36  
 6716 BN Ede (the Netherlands)  
 telephone +31 (0)318 64 96 99

### Simac Triangle bv

Rudie Piessens  
 Copernicusstraat 9E  
 6003 DE Weert (the Netherlands)  
 telephone +31 (0)495 46 21 21

### Simac Electronics bv

Marcel Leenen  
 Eindstraat 53  
 5151 AE Drunen (the Netherlands)  
 telephone +31 (0)416 38 77 00

### Simac Masic & TSS bv

Marc de Regt/Ivo de Rooij  
 Jan Campertstraat 21  
 6416 SG Heerlen (the Netherlands)  
 telephone +31 (0)45 750 21 00

### Simac QuadCore bv

Alfred Wesseling  
 De Run 1101  
 5503 LB Veldhoven (the Netherlands)  
 telephone +31 (0)40 258 21 00

### Simac IDS bv

Har Heuberger  
 De Run 1101  
 5503 LB Veldhoven (the Netherlands)  
 telephone +31 (0)40 258 21 00

### Simac IDS Ltd

Har Heuberger  
 2 Huddersfield road  
 Stalybridge, Greater Manchester  
 SK15 2QA (Great Britain)  
 telephone +31 (0)40 258 21 10

### Simac Learning Solutions bv

Peter Veraa  
 De Run 1101  
 5503 LB Veldhoven (the Netherlands)  
 telephone +31 (0)40 258 20 00

# Participating interests

## **Aquestora bv**

Jan Herps  
Business Center Luminos  
Noord Brabantlaan 265 unit  
1.07  
5652 LD Eindhoven (the  
Netherlands)  
telephone +31 (0)40 720 05 00

## **Chess Wise bv**

Han Bak  
Richard Holkade 8A  
2033 PZ Haarlem (the  
Netherlands)  
telephone +31 (0)235 149 149

## **Genexis International bv**

Gerlas van den Hoven  
Lodewijkstraat 1a  
5652 AC Eindhoven (the  
Netherlands)  
telephone +31 (0)40 251 32 20

## **Passengera s.r.o.**

Jan Kolar  
Avenir Business Park budova B  
Radlicka 740/113C  
158 00 Prague 5 (Czech  
Republic)  
telephone +42 (0)2 8306 1281

## **Sensite Solutions bv**

Jan Vet  
De Run 1101  
5503 LB Veldhoven (the  
Netherlands)  
telephone +31 (0)40 258 29 44

## **Simac Obec bv**

Rudie Piessens  
Ukkelstraat 4  
5628 TE Eindhoven (the  
Netherlands)  
telephone +31 (0)40 296 08 00

## **Simac Professional SA**

Christophe Villiere  
47-49 Op Zaemer  
L-4959 Bascharage  
(Luxembourg)  
telephone +35 (0)2 2650 3633

## **Treams Group bv**

Iris Zonneveldt  
Kastanjelaan 400  
5616 LZ Eindhoven (the  
Netherlands)  
telephone +31 (0)40 744 08 88

## **Vital10 bv**

Roderik Kraaijenhagen and  
Sabine Pinedo  
Courbetstraat 34  
1077 ZV Amsterdam (the  
Netherlands)  
telephone +31 (0)20 305 30 00

This annual report of Simac Techniek NV for the year ended 31 December 2018 is a complete translation of the original Dutch version. Although translation has been performed with the utmost accuracy, Simac cannot exclude interpretation differences as a result of this translation. Under all circumstances the official Dutch version of the annual accounts is legally binding.

# Table of Contents

<b>General.....</b>	<b>2</b>
Notice from the board of directors.....	2
The board of directors of Simac Techniek NV.....	3
Supervisory board of Simac Techniek NV.....	4
<b>Directors' report .....</b>	<b>5</b>
Outline strategy.....	5
Corporate Social Responsibility.....	6
Financial state of affairs.....	7
Operational state of affairs.....	14
Personnel and organization.....	18
Expectations.....	19
<b>Corporate Governance .....</b>	<b>20</b>
Explanatory notes to corporate governance.....	20
Risk and risk management.....	21
<b>Report from the supervisory board.....</b>	<b>24</b>
Report supervisory tasks by the supervisory board.....	24
Report of the supervisory board committees.....	25
A final word.....	26
<b>Consolidated Financial Statements of 2018 .....</b>	<b>27</b>
Consolidated balance sheet before profit appropriation.....	28
Consolidated profit and loss account.....	29
Consolidated statement of cash flows.....	30
Explanatory notes to the consolidated financial statements.....	32
<b>Company financial statements of 2018.....</b>	<b>65</b>
Company balance sheet before profit appropriation.....	66
Company profit and loss account.....	66
Explanatory notes to the company financial statements.....	67
Other information.....	75
Audit opinion from the independent auditor.....	75
Statutory regulation regarding profit appropriation.....	79
Extraordinary statutory rights.....	79

# General

## Notice from the board of directors

The year 2018 has turned out to be a wonderful year for Simac. Turnover rose by 16%, from €223 million to €259 million. This rise was for the most part organic. The operating result reached a record level of €13.2 million, a rise of 28%. Net profits reached €10.9 million.

More extensive cooperation between the Dutch ICT companies, the concentration of knowledge in competence centers and the focus on market segments yielded an excellent return and a healthy order entry and turnover. Contract value too increased, which is expected to drive further growth. Companies in Belgium, Luxembourg, the Czech Republic and France also achieved healthy growth and results, partly thanks to investments in specialist technologies (network monitoring, data centers) and new solutions (Smart Cities, Internet of Things).

Nearly all of the specialized companies achieved healthy growth in turnover, return and the order book. They also form the foundation for Simac's stability. Smaller acquisitions in the Netherlands, Belgium and France made a positive contribution to strengthening the operations and the result. Simac's policy remains gradual widening and expansion while maintaining its solid financial position.

The pursuit of true partnerships with our customers is of great importance given the complexity of the technology and the significance of the technology for business processes. In addition to flexible and customer-oriented operations, sound knowledge and teamwork are important competences. The shortage on the labor market means the workload is high. Increasing the number of employees while maintaining quality is a challenge.

Simac expects that, like previous years, 2019 will be a successful year, although according to current insights, it will not be possible to exceed the return of 2018. Given the dynamic nature of our operations and markets, it is important that we continue to aim for long-term investments in new technologies and solutions based on the solid foundation Simac has with long-term contracts, as well as in a proper corporate culture and an excellent financial position.

We would like to take this opportunity to thank our customers for their trust in Simac, the assignments and the positive cooperation in 2018. We thank the supervisory board and the works council for their contribution to shaping a dynamic, successful company where people in the organization remain the starting point. Finally, we would like to thank all members of staff for their tremendous efforts, customer focus and loyalty.

On behalf of the board of directors,

Eric van Schagen  
CEO

Veldhoven, 15 March 2019

# The board of directors of Simac Techniek NV

**/r. E. VAN SCHAGEN (1956), DUTCH**

CEO

Key ancillary positions:

- Chairman of VNO-NCW Brabant Zeeland
- Chairman of the supervisory board of Rabobank Eindhoven Region
- Chairman of the supervisory board of Mignot & De Block
- Member of the supervisory board of Crowe Foederer Accountants
- Member of the supervisory board of TechnoStars
- Member of the supervisory board of Vrijdag Premium Printing
- Member of the board of Eindhovensche Fabrikantenkring
- Member of the supervisory board of Diagnostiek voor U
- Member of the supervisory board of AAE bv
- Member of the advisory council of Bex Communicatie
- Chairman of the board of Coöperatie Slimmer Leven 2020
- Chairman of the board of Sports and Technology Eindhoven
- Member of the board of Universiteitsfonds Eindhoven

**M.F.J.A. VAN KASTEREN RA (1961), DUTCH**

CFO

# Supervisory board of Simac Techniek NV

**DR. IR. H.P.M. KIVITS (1953), DUTCH**

Chairman

Founding father of FoodforCare Koninklijke Van den Boer Groep

Key ancillary positions:

- Chairman of the supervisory board of Efteling in Kaatsheuvel
- Chairman of the supervisory board of Theater aan de Parade in Den Bosch
- Member of the supervisory board of FoodforCare Foundation in Nijmegen
- Member of the board of Stichting Preferente aandelen C Van Lanschot in Den Bosch
- Chairman of the board of Podiumkunst.info in Breda
- Chairman of Stichting Universiteitsfonds Eindhoven

**IR. N.I.M. HERMANS (1951), DUTCH**

Vice-chairman and chairman of the remuneration committee

Former member of the board of ASML

**MS S.J.M. ROELOFS (1957), DUTCH**

member

Chairman of Stichting Digitaal Innoveren

Key ancillary positions:

- Supervisory Director of GGN (Gerechtsdeurwaardersgroep Nederland)

**W. VAN WINDEN (1952), DUTCH**

member and chairman of the audit committee

Former CFO of Philips Nederland, later Benelux

Key ancillary positions:

- Chairman of the supervisory board of Woningcorporatie Sint Trudo in Eindhoven
- Chairman of the supervisory board of Woningborg Holding in Gouda
- Member of the supervisory board of GGZ Instelling Altrecht in Utrecht
- Also active in volunteer work

# Directors' report

## Outline strategy

### Mission

Simac wants to deploy high-quality technology at large and medium-sized organizations in the Benelux and other European countries in order to improve business processes. Simac wants to operate in a professional, honest, reliable, flexible and result-oriented manner towards the customer and all other stakeholders.

### Vision

#### Knowledge and experience

We work on the basis of our customers' IT systems. Assignments concern complex issues for large (often international) organizations. The impact and dependence on IT are substantial for these organizations. Simac has an in-depth and practical knowledge of the products and systems supplied. We share our knowledge and experience in this field with our customers and each other. This way, we continue to offer solutions that make us and our customers successful.

#### Solution-oriented and inquisitive

The world of our customers and information technology is highly dynamic; it is becoming faster and more complex. This creates challenges, opportunities and, sometimes, threats. Simac is aware of this. That is why we implement existing proven techniques and deploy innovative power responsibly, where possible. We are solution-oriented and inquisitive. This gives us (and our customers) the lead that is needed to be and remain successful.

#### Human success factor

In the dynamic markets Simac operates in, employees make the difference. This is no different at Simac. Our main success factor is the ability to work well together. Due to the complexity, a proper partnership with customers and important market parties is necessary to realize the desired integrated solutions. Our people are passionate about our customers and the technology they work with, thereby ensuring that customers will experience the pride and added value of the Simac employees to a maximum extent.



## Objectives and principles

Simac primarily aims for continuity. Continuity is achieved by applying the following principles:

1. A financially solid basis. The balance sheet is strong (sufficient equity and liquidity), it achieves a positive return each year and the cash position offers enough scope for investments and cushioning temporary problem situations.
2. Spread of activities. Simac operates in various products and markets and is organized into smaller units (operating companies or divisions), each of which is individually responsible for the financial result.
3. Long-term contracts. A considerable part of turnover is generated by long-term contracts and customer satisfaction is high.
4. Focus on employees and culture. The relationship between Simac and its employees is based on mutual trust and we continuously aim for the knowledge and skills of our employees to move along with market requirements.
5. Room for innovation. As the technology in our market and customer requirements are changing rapidly, we devote time and attention to developing new products and services. This also means we have to accept failure and make adjustments.
6. The environment. Treating the environment responsibly fits in with Simac's continuity policy.

For internal purposes, the aforementioned objectives are specified per operating company.

## Corporate Social Responsibility

The pursuit of continuity is much wider than securing the company's financial position alone. In this day and age, corporate social responsibility is deemed a matter-of-course. In 2018, an important part of the CSR policy was further formalized. This has led to obtaining the ISO14001 certificate for our environmental management system for all offices in the Netherlands and Belgium. In 2018, investments were also made in installing solar panels on the roofs of the offices in Veldhoven and Ede. A total of 951 panels were installed here.

The involvement in the environment in which we work is partly reflected in the sponsorship of various associations, organizations and events. In 2018, this involved a list of 90 different charities in total. Special attention is given to the charities that are suggested by Simac staff themselves. Each quarter, a total of ten charities receive financial support under the name of Simac Heart. An important criterion in the selection process is the degree of involvement of the Simac staff member in the charity that he or she proposes.

Amounts in thousands of Euros

## Financial state of affairs

### Key points

- Net turnover rises by 15.9%, from €223.2 million to €258.6 million
- Operating result rises from €10.3 million to €13.1 million Exclusive of goodwill amortizations, the operating result rises from €11.0 million to €14.3 million
- Positive result from participating interests of €1.6 million as a result of the sale of non-consolidated participating interest in Genexis Holding bv
- Result after taxes rises from €7.8 million to €10.9 million
- Cash position stable at €13.6 million (2017: €13.5 million)
- Solvency based on group equity at year-end 2018: 41.2% (2017: 40.0%)

### Scope of consolidation

During the financial year, the scope of consolidation was expanded with interests acquired in Aranea Consult bv (100%) in 's-Hertogenbosch and Wavetel SAS (70%) in Larmor Plage (France). These group companies are consolidated from the date of control, which coincides with the acquisition date of the shares.

The impact of both acquisitions on net turnover during the financial year is €4.6 million. The impact on total assets at the end of the financial year is €4.6 million and on debts €2.7 million.

### Results

The results can be summarized as follows:

<b>Condensed consolidated profit and loss account</b>	<b>2018</b>	<b>2017</b>
<b>Net turnover</b>	<b>258,619</b>	<b>223,151</b>
Changes in work in progress	-6,547	5,021
Subcontracted work and other external costs	-132,486	-123,851
<b>Gross profit</b>	<b>119,586</b>	<b>104,321</b>
Other operating income	122	167
Personnel expenses	-74,526	-67,494
Other operating expenses	-29,327	-24,314
<b>Operating result before depreciations (EBITDA)</b>	<b>15,855</b>	<b>12,680</b>
Depreciation and impairment losses	-2,767	-2,344
<b>Operating result</b>	<b>13,088</b>	<b>10,336</b>
Financial income and expenses	1,109	-57
<b>Group result before taxes</b>	<b>14,197</b>	<b>10,279</b>
Taxes result from ordinary business operations	-2,733	-2,152
Third-party interest	-581	-360
<b>Result after taxes</b>	<b>10,883</b>	<b>7,767</b>

Amounts in thousands of Euros

### Net turnover

Net turnover rises by 15.9%, from €223.2 million to €258.6 million. The increase in long-term contract turnover is a positive development. It rises from €81.0 million to €86.9 million, an increase of 7.3%. Project turnover rises by 16.8%, from €119.6 million to €139.8 million in 2018. The largest percentage rise can be seen in services. Here, turnover rises by 41.7%, from €22.5 million to €31.9 million.

<b>Net turnover per category</b>	<b>2018</b>	<b>2017</b>
Sale and installation of goods (w.o. projects)	139,753	119,621
Service and management contracts	86,947	81,000
Other services	31,919	22,530
	<b>258,619</b>	<b>223,151</b>

The net turnover of ICT companies in the Netherlands rises from €91.9 million to €117.3 million, an increase of 27.7%. The turnover of ICT companies abroad rises by 5.7%, from €102.3 million to €108.1 million. The turnover of the remaining companies rises by 14.8%, from €29.4 million to €33.8 million.

<b>Net turnover per business segment</b>	<b>2018</b>	<b>2017</b>
ICT companies in the Netherlands	117,330	91,899
ICT companies abroad	108,113	102,316
Other companies	33,781	29,418
Holding and eliminations	-605	-482
	<b>258,619</b>	<b>223,151</b>

Group sales are eliminated within the relevant segment as much as possible.

### Gross profit

Gross profit is defined as the result of net turnover, changes in work in progress and costs of subcontracted work and other external costs.

The gross profit for the financial year amounts to €119.6 million (2017: €104.3 million). The gross profit percentage compared to turnover falls from 46.7% to 46.2%. This fall must be seen within the context of increased project turnover and other services.

### Personnel expenses

Personnel expenses consist of the total of salaries and wages and social security and pension contributions. Personnel expenses rise by 10.4%, from €67.5 million to €74.5 million. A sum of €60.8 million (2017: €55.2 million) is accounted for by wages and salaries and a sum of €13.8 million (2017: €12.3 million) by social security and pension contributions. Social security and pension contributions as a percentage of wages and salaries amount to 22.7% (2017: 22.2%).

The increase in personnel expenses is partly due to the expansion of the workforce. The average number of employees (FTE) increases by 49, from 937 in 2017 to 986 in 2018. The average number of employees in the Netherlands at year-end 2018 is 1,003 (2017: 954). Furthermore, wage increases have been processed and a higher reserve has been introduced for variable remunerations for the 2018 financial year. This higher reservation must be seen within the context of the 2018 result. The effect of the consolidation of Aranea and Wavetel on personnel expenses is €2.1 million.

The number of temporary staff during the financial year was 188 (2017: 66).

#### **Other operating expenses**

Other operating expenses rise from €24.3 million to €29.3 million. This rise mainly occurs under other personnel expenses, general costs and car costs.

The effect of the consolidation of Aranea and Wavetel on other operating expenses is €0.5 million.

#### **Depreciation and impairment losses**

Depreciations and amortizations rise from €2.3 million in 2017 to €2.7 million in 2018. Intangible fixed assets were amortized by €1.2 million (2017: €0.6 million) and tangible fixed assets were depreciated by €1.5 million (2017: €1.7 million).

An impairment loss of €0.2 million was recorded on tangible fixed assets in the 2018 financial year. This write-down must be seen within the context of the closure of a data center at the end of the financial year. In addition, an impairment loss of €0.2 million was reversed. This is in relation to real estate in Belgium.

#### **Financial income and expenses**

Financial income and expenses consist of €1.6 million (2017: €0.1 million) of the share in the result of non-consolidated participating interests and of €0.1 million (2017: €0.1 million) of the balance of interest payable and receivable. In the 2018 financial year, long-term receivables were depreciated by €0.6 million (2017: €0.3 million). This depreciation relates to the financing of non-consolidated participating interests.

The result from participating interests for the 2018 financial year was impacted on positively by the book profit on the sale of the 20% interest in Genexis Holding bv.

#### **Income taxes**

The effective income taxes expressed as a percentage of the group result before taxes fall from 20.9% to 19.3%.

A sum of €1.7 million (2017: €1.4 million) out of the €2.7 million tax burden (2017: €2.2 million) relates to the realization of deferred tax assets. On the other hand, €1.1 million of losses were capitalized that had not been valued previously.

The current income tax for the financial year amounts to €2.1 million (2017: €1.9 million), €1.9 million of which relate to foreign jurisdictions (2017: €1.7 million).

Amounts in thousands of Euros

## Financial position

The condensed consolidated balance sheet is as follows:

<b>Condensed consolidated balance sheet</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
Intangible fixed assets	5,559	3,754	1,805
Tangible fixed assets	6,118	4,486	1,632
Financial fixed assets	10,853	11,020	-167
Deferred tax assets	984	1,583	-599
<b>Fixed assets</b>	<b>23,514</b>	<b>20,843</b>	<b>2,671</b>
Inventories and work in progress	2,594	8,057	-5,463
Receivables	78,936	57,199	21,737
Investments	212	-	212
Liquid assets	14,098	13,493	605
<b>Current assets</b>	<b>95,840</b>	<b>78,749</b>	<b>17,091</b>
<b>Total assets</b>	<b>119,354</b>	<b>99,592</b>	<b>19,762</b>
Group equity	49,189	39,829	9,360
Provisions	2,114	1,604	510
Long-term liabilities	164	-	164
Short-term liabilities	67,887	58,159	9,728
<b>Total commitments</b>	<b>70,165</b>	<b>59,763</b>	<b>10,402</b>
<b>Total liabilities</b>	<b>119,354</b>	<b>99,592</b>	<b>19,762</b>

Total assets rise by €19.8 million, from €99.6 million to €119.4 million. This increase in receivables is a net increase. They rise from €21.7 million to €78.9 million

In liabilities, group equity rises by €9.4 million and short-term liabilities by €9.7 million.

The financing analysis below shows that Simac's financial position further improved in 2018. The surplus of available long-term finance rises to €20.6 million (2017: €14.9 million). The investment in working capital falls from €9.4 million to €7.1 million. The cash position (balance of liquid assets and credit institutions) at the end of 2018 is €13.5 million (2017: €5.6 million).

Amounts in thousands of Euros

<b>Financing analysis</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
Available long-term financing	51,467	41,433	10,034
Less: fixed assets	-23,514	-20,843	-2,671
<b>Financing surplus</b>	<b>27,953</b>	<b>20,590</b>	<b>7,363</b>
Working capital	14,397	7,097	7,300
Cash position (liquid assets and credit institutions)	13,556	13,493	63
Use of the financing surplus	<b>27,953</b>	<b>20,590</b>	<b>7,363</b>

The fixed assets at year-end 2018 amount to €23.5 million (2017: €20.8 million). Intangible fixed assets rise by €1.8 million. Goodwill of €3.0 million was capitalized on account of the interests acquired in Aranea Consult bv, Wavetel SAS and the Asterion trading enterprise. Depreciations during the financial year amount to €1.2 million.

Net investments in tangible fixed assets amount to €2.6 million (2017: €1.3 million), whereas total depreciation and impairment losses are €1.5 million (2017: €1.7 million). Due to the new Aranea Consult bv and Wavetel SAS consolidations, tangible fixed assets increase by €0.5 million. The carrying amount of tangible fixed assets increases by €1.6 million net.

Financial fixed assets fall by €0.2 million, from €11.0 million to €10.8 million. A significant transaction during the financial year relates to the sale of the non-consolidated participating interest Genexis Holding bv. In addition to the cash receipt, the sale proceeds remain partially due or have been settled in Inteno Group AB (Sweden) shares. Both the receivable and the equity interest are included under financial fixed assets. The book profit resulting from this transaction is recorded under result from participating interests.

Receivables from shareholders fell from €7.8 million to €7.7 million. During the financial year, €1.4 million was drawn down in financing and €1.5 million repaid.

Deferred tax assets fall by €1.7 million (2017: €1,4 million) as a result of realization on the basis of taxable profit. At year-end 2018, the board of directors made an evaluation of the valuation of offsettable losses. Consequently, €1.1 million of losses were capitalized that had not been valued previously. At year-end 2018, the balance of deferred tax assets amounts to €1.0 million (2017: €1.6 million).

Current assets rise by €17.1 million, from €78.7 million to €95.8 million. The biggest rise can be seen in receivables; they rise by €21.7 million, from €57.2 million to €78.9 million. This increase is largely related to the increase in turnover in 2018. As a result, trade receivables rise from €45.3 million to €64.0 million.

The balance of inventories and work in progress at year-end 2018 is €1.2 million. A total of €2.6 million of this balance is accounted for by inventories and €-1.4 million is work in progress. For work in progress, the value of invoiced installments exceeds capitalized costs.

Investments relate to bonds from Groupama SA, a French insurance group, held by Wavetel.

Amounts in thousands of Euros

Group equity rises by €9.4 million, from €39.8 million at year-end 2017 to €49.2 million at the end of the financial year. Group equity rises by €11.5 million as a result of the group result after taxes and by €0.4 million after inclusion of the third-party interest on account of acquisitions. Total dividend amounts to €2.5 million. At the end of the financial year, equity amounts to €46.9 million (year-end 2017: €38.3 million) and the third-party interest to €2.3 million (2017: €1.5 million). The third-party interest relates to the group companies Simac Technik AS and Wavetel SAS.

Provisions at the end of the financial year amount to €2.1 million (2017: €1.6 million). At the end of the financial year, €1.1 million of provisions relates to employee benefits, €0.8 million to reorganization and €0.2 million to other provisions.

Short-term liabilities rise by €9.7 million, from €58.2 million to €67.9 million. The increase is mainly accounted for by other debts and accrued liabilities. This item rises from €25.9 million to €33.4 million.

Cash flows during the financial year can be summarized as follows:

<b>Summary of cash flows</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
Cash flow from operating activities	7,172	12,418	-5,246
Cash flow from investing activities	-5,625	-2,352	-3,273
Cash flow from financing activities	-2,046	-2,801	755
<b>Change in cash</b>	<b>-499</b>	<b>7,265</b>	<b>-7,764</b>

The cash flow from operating activities falls by €5.2 million, from €12.4 million to €7.2 million. In addition to the increase in operating result from €10.3 million to €13.1 million, the operational cash flow is affected negatively due to investments in working capital. As a result of the increase in turnover, these investments amount to €6.6 million.

The cash flow from investing activities for 2018 amounts to €-5.6 million (2017: €-2.4 million). The cash effect of capital interests acquired in Aranea Consult bv, Wavetel SA and Asterion trading enterprise amounts to €-4.5 million. On the other hand, there is a positive cash flow on account of sales of €2.2 million. Net investments in tangible fixed assets amount to €3.0 million (2017: €1.3 million). The effect of issued loans and funds lent minus repayments from outstanding loans is €-0.3 million (2017: €1.0 million).

The dividend of €2.5 million paid in 2018 (2017: €2.2 million) is included in the cash flow from financing activities. A sum of €2.4 million of the dividend paid in 2018 benefited the shareholders of Simac. At the end of the financial year, a temporary bank loan of €0.5 million was drawn down in the Czech Republic.

Amounts in thousands of Euros

### Long-term overview

The numbers in the long-term overview are included in accordance with the provisions of Title 9, Book 2 of the Netherlands Civil Code.

<b>Results</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Net turnover</b>	<b>258,619</b>	<b>223,151</b>	<b>202,515</b>	<b>185,292</b>	<b>177,027</b>
Sale and installation of goods	139,753	119,621	110,943	107,168	101,011
Service and management contracts	86,947	81,000	72,362	58,360	61,961
Other services	31,919	22,530	19,210	19,764	14,055
<b>Gross profit</b>	<b>119,586</b>	<b>104,321</b>	<b>92,695</b>	<b>90,327</b>	<b>90,578</b>
In % of turnover	46.2%	46.7%	45.6%	48.7%	51.2%
<b>Operating result</b>	<b>13,088</b>	<b>10,336</b>	<b>6,144</b>	<b>1,738</b>	<b>1,362</b>
In % of turnover	5.1%	4.6%	3.0%	0.9%	0.8%
<b>Result after taxes</b>	<b>10,883</b>	<b>7,767</b>	<b>10,017</b>	<b>1,005</b>	<b>846</b>
In % of turnover	4.2%	3.5%	4.9%	0.5%	0.5%
<b>Average number of FTEs</b>	<b>986</b>	<b>937</b>	<b>890</b>	<b>947</b>	<b>949</b>

<b>Financial position</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Fixed assets	23,514	20,843	20,453	17,001	17,716
Current assets	95,840	78,749	66,777	69,192	49,908
<b>Total assets</b>	<b>119,354</b>	<b>99,592</b>	<b>87,230</b>	<b>86,193</b>	<b>67,624</b>
Group equity	49,189	39,829	33,772	23,688	21,747
Provisions	2,114	1,604	1,599	3,179	4,399
Long-term liabilities	164	-	23	74	124
Short-term liabilities	67,887	58,159	51,836	59,252	41,354
<b>Total liabilities</b>	<b>119,354</b>	<b>99,592</b>	<b>87,230</b>	<b>86,193</b>	<b>67,624</b>
Current assets -/- short-term liabilities	27,953	20,590	14,941	9,940	8,554
Cash position	13,556	13,493	5,562	-3,238	-749
Group equity in % of total assets	41.2%	40.0%	38.7%	27.5%	32.2%



## Operational state of affairs

An important pillar of the corporate philosophy is the distribution of operations across individual business units responsible for financial results, the Simac companies. They are each active in selected markets with their own portfolios. The following paragraphs discuss the main issues from 2018 per unit.

### ICT companies the Netherlands

Simac IT NL is the name of the cluster in which the entities Simac ICT Nederland bv, Simac Business Solutions bv, Simac Phobos bv and Simac B.sis bv are grouped. Simac IT NL focuses primarily on advice, design, construction and management of ICT infrastructures. Simac IT NL focuses on the Retail, Healthcare, Industry, Finance & Business Services and Public market segments.

The year 2018 has been a strong year for Simac IT NL. In addition to renewing a number of existing contracts, new customers were added, as a result of which the contract portfolio has grown further. Major projects have been carried out for both existing and new customers. We briefly explain the most significant ones per sales label below.

#### Simac Retail

In 2018, Simac Retail further strengthened its position in the food segment by winning a contract for the roll-out of software-defined WAN at a number of supermarket chains, in collaboration with a large telecommunications provider. In addition, multiple projects have been realized for a large food retailer, varying from replacing point-of-sales systems to migrating a Cloud|POWER platform developed by Simac. In 2018, Simac Retail managed a total of more than 7,000 store locations and 16,000 point-of-sales systems.

#### Simac Healthcare

In that same year, Simac Healthcare developed strongly in smart sensor technology and home automation in care. Strong growth was achieved in the digital work environment and managed cloud services, partly thanks to the roll-out of workstations at a large healthcare provider. Furthermore, there has been a steady growth in user numbers of Vicasa VDU Care.

#### Simac Finance & Business Services

Growth was achieved in the Finance & Business Services segment by expanding services to the Belgian operations of an existing customer. A WLAN network project was carried out for a large accounting firm.

#### Simac Industry

Simac Industry achieved steady growth by expanding its services at both existing and new clients. A major VPN project was rolled out at an existing customer.

#### Simac Public

Simac Public experienced limited growth in 2018, mainly accounted for by the addition of a new educational institution to the client portfolio.

## ICT companies abroad

ICT companies abroad comprise autonomous operating companies in Belgium, France, Luxembourg and the Czech Republic. In addition, there is a small service company in Germany and a start has been made in the United Kingdom. The operating activities of Simac Belgium are incorporated in a number of companies and consist of four business units. This concerns the implementation and management of ICT infrastructures, secondment of ICT specialists, the design of data centers and network performance management.

### Simac ICT Belgium

Simac ICT Belgium managed to attract various new cities and municipalities as customers via framework contracts with the government. The combination of the right technology solution, services and Simac's approach was decisive here. Strategically important storage and network environments were delivered at major financial and utility companies. This too was achieved via long-term framework contracts. Belgium also serves as a base for serving various European customers from the telecommunications world in terms of network visibility.

In the year 2018, as in previous years, innovation was an important topic. Innovation processes were started and new technology partnerships concluded in all business departments. The Internet of Things and SMART are examples of this. In 2019, Simac ICT Belgium will be focusing on networking, data centers, security, IoT/SMART, workplace/collaboration, network visibility and professional services. This is also the year in which the construction of a new office environment will be started.

### Wavetel

The French company Wavetel was acquired in July. The market and, more specifically, its main customers responded well to the acquisition. The integration between Simac BMS, the Belgian business unit that incorporates Wavetel, and Wavetel will be a key focus area for the current year. Together they are working on the development of the extensive portfolio of solutions and professional services in France and French-speaking countries in Africa.

Wavetel also introduces a new and promising range of products focused on high-speed Internet testing equipment (10/40/100 Gbps). Meanwhile, extensive experience has been gained in signal processing using complex FPGA architecture (XILINX).

### Simac PSF

In Luxembourg, the focus on IT security is paying dividend. Simac PSF has secured an important project at one of the largest banks in Luxembourg. Consequently, the security team has been strengthened and the position to win other security tenders has improved. A start was also made with a large cabling project. The customer in question has opted for Simac to take care of the wiring infrastructure and the fiber optic installation for the backbone in its new European headquarters. Apart from this, Simac PSF continues to serve its various customers by providing services in the areas of networking, systems & storage, security, unified communications and cabling.

### Simac Professional

Simac Professional continues to grow on the Luxembourg market with regard to traditional ICT infrastructure activities. In addition, a strong development was experienced in the field of development & data management, including GDPR and security audits.

In 2018, important new customers were brought in. Simac Professional is particularly proud of the collaboration with one of the world's leading steel and mining companies. This involves the deployment of application and network engineers who manage and host their industrial factory processes. In addition, a number of insurance companies and financial companies have become customers. Simac Professional provides these companies with consultancy in the field of development & data governance.

A French branch was set up in May 2018 aimed at strengthening the focus on the French market and enabling growth. More than twenty new customers have since received services in the field of security and GDPR audits and data management consultancy.

### **Simac ICT Czech Republic**

In 2018, Simac ICT Czech Republic won an extensive public tender for an ICT network infrastructure of the Ministry of the Environment. All important applications of the Ministry run on the new network and it offers high-availability services for all departments. At another Ministry, the Ministry of the Interior, a fully automated data center was built and the government organization responsible for drug control in the Czech Republic was looking for a company that could offer them a robust and safe solution for processing all digital drug prescriptions. Simac ICT Czech Republic was selected after the public tender. The complete solution was implemented in just six months, without any downtime.

## **Other companies**

### **Aranea Consult**

Aranea Consult was acquired by Simac in May 2018. The company advises C-level management of its customers and is happy to take on the role of guide in the digital transformation they go through. Last year was a top year in every respect. Key acquisitions included talented new colleagues and promising new customers with challenging assignments in business IT strategy, digital transformation, agile transitions, enterprise architecture, big data issues and information security. A textbook example is the co-development and management of the agile approach in which an entire bank chain process from another organization was successfully implemented in time, as part of which Aranea supplied a chief product owner, a delegated product owner, an agile coach and an enterprise architect. Developing a so-called data lake for a large industrial company was an important success for both this customer and Aranea. Another example that Aranea can be proud of is the set-up of business-IT fusion and portfolio management as a process and control tool on the digital agenda and winning the support of all business managers and the CEO of two high-tech production companies.

In 2018, in addition to the acquisition by Simac, Aranea moved to a pleasant open office location in De Gruyterfabriek in Den Bosch and, thanks to the entire team, was certified as a Great Place to Work.

### **Simac Document Solutions**

In that same year, the sales of invoice processing and purchase-to-pay solutions further increased compared to previous years. Growth must mainly come from larger, internationally oriented companies with large numbers of invoices on an annual basis. The undercurrent is important for continuity and a lot of effort was made in 2018 to attract new customers. As a software supplier, it is important to be a part of the development of sales in subscription form. We can see that is becoming increasingly popular among customers (and suppliers). In 2018, Simac Document Solutions, therefore, took a serious step in the development of e-invoicing. To this end, a partnership has been entered into with an external party in order to innovate further in this. Last year, the first steps were also taken in the field of robotization (RPA). Two colleagues have now been certified for this and this is starting to take shape at a number of customers.

### **Simac Triangle**

Simac Triangle provides services to various printer manufacturers. With a stable base and growth within Europe, a first major manufacturer in the United States has now also implemented the managed print service dealer program from Simac Triangle. This Internet-of-Things application offers the manufacturer the opportunity to offer managed print service contracts to companies through its IT reseller sales channel. The IT reseller enters the customer data in the dealer program, selects the printers and multi-functionals, after which the software exchanges information with the lease company for a credit request and the electronic signing of the contract by the customer.

After the installation of the printers and multi-functionals, the delivery of toner/ink, the service provision and invoicing on the basis of meter readings is fully automatic through the exchange of information via the Internet. A true Internet-of-Things application where the printers and multi-functionals are fully managed via the Internet.

### **Simac Electronics**

In 2018, Simac Electronics was able to record its largest order ever. This is an FttA solution for a large telecommunications provider. FttA stands for Fiber to the Antenna and it concerns the supply of custom-designed cabling that is used in the provider's mobile network. This new cabling means the provider is prepared for all future developments within telecommunications (for example, 5G). Simac Electronics will deliver this extensive project over the coming years.

In addition to the large FttA project, Simac Electronics performed well last year and turnover increased. Regular component and instrument sales experience favorable market conditions and various other large customer projects have been realized. The service department of Simac Electronics too has once more proven itself as a stable revenue engine. In addition, business operations of a Belgian company were acquired in 2018 and added to the products and services portfolio of Simac Electronics.

In addition to the commercial successes, efforts also focused on the internal organization. The commercial successes offer Simac Electronics the opportunity to grow the organization, making it Modern & Future-proof through various process and system improvements. In Belgium, the trading activities of Asterion were acquired.

### **Simac QuadCore**

Simac QuadCore has been providing its services to industrial customers at home and abroad for many years now.

In 2018, as in previous years, beautiful (sub-)projects were realized at existing and new customers. Simac QuadCore contributed to various projects for, among other things, reducing downtime through optimizing production lines and improving visualizations at one of the most advanced car manufacturers in Europe. In addition, there were various extensions for new and existing models in the car range.

In the entertainment industry, Simac QuadCore participates in great assignments at a roller coaster builder. At a large sweets manufacturer, the security level of the total Factory IT environment was brought to an optimum level. Simac QuadCore, meanwhile, was involved in projects for the construction of production machines for solar and smart roof applications, in the realization of machines that process instant meals, projects for a truck manufacturer and a producer of chicken slaughter lines, the process industry and in the storage and handling of juice. Efforts were also aimed at a better environment in the form of a project for the processing of wastewater and manure processing at Dutch farmers.

### **Simac IDS**

In 2018, the IDS Solutions business unit of Simac QuadCore was prepared for the split-off into Simac IDS bv as from 2019. The English subsidiary Simac IDS Ltd. aims to further develop the English market. Growing market awareness in the United Kingdom led to a new major assignment for an English university. In addition, various processes are running at institutions interested in attendance & engagement monitoring. At a large institution in Amsterdam, Pronto access control was rolled out in an existing building. For a national healthcare provider, a series of sites were provided with access control for its residents. For a large Franco-Dutch holiday park operator, the Pronto leisure solution for the arrival and access process was rolled out in a large new German park. The first French park that was provided with online door locking in 2006 was completely renovated. The hardware for Pronto leisure was updated as part of the process.

### Simac Masic

The year 2018 proved to be a positive year for Simac Masic. The pursuit of Technology Leadership and a focus on the medical and pharmaceutical industry resulted in a growing order portfolio for inspection machines and other challenging industrial automation projects. In the manufacture and assembly of special mechanical parts too, the focus on partnership was rewarded in the form of structural assignments for components in, for example, X-ray equipment.

The distribution activities of Simac Masic were reinforced with attractive orders for drug distribution systems and semiconductor test equipment. The service team is and continues to be expanded to guarantee both local and global customers continuity and efficiency with regard to their machinery. Starting in 2019, following a change of management and a new name (Simac Masic & TSS is now Simac Masic), the ambitions for a promising future are strategically shaped.

### Simac Learning Solutions

For many organizations, the year 2018 was dominated by the new GDPR legislation. In cooperation with Simac holding, all Simac employees have completed GDPR training, designed and developed by Simac Learning Solutions, via their own online training platform TrainingBOX.

In 2018, the collaboration between education and the business community became increasingly prominent. Simac Learning Solutions plays a central role in designing and developing e-learning in a number of collaborations between vocational schools and the business community. In addition, trainee supervisors from the business community also have the option of monitoring and assessing the student within their own online educational learning platform LearningBOX. This in particular concerns the assessment of so-called 21<sup>st</sup>-century skills.

## Personnel and organization

On 31 December 2018, the number of fulltime employees at Simac amounted to 991 (year-end 2017: 954). During the year under review, an average of 986 employees were employed on a fulltime basis, compared to 937 in 2017. The average number of employees in the Netherlands is 719 (2017: 686) and 267 abroad (2017: 251). During the financial year, an average of 188 (2017: 66) FTE temporary staff were hired.

The average sickness absence level in the Netherlands, exclusive of maternity leave, is 3.6% (2017: 2.8%).

### Development

The continuous development of employees is one of the key elements of Simac's HRM policy. In addition to technical and professional competencies, consideration is also given to personal skills. An introduction program has been drawn up for new employees. In a period of twelve months, new employees are made familiar with the methods, procedures and the "DNA" of Simac, with particular attention being paid to the diversity of our organization. The objective is to further develop cooperation and synergy.

## Education

Simac maintains close relations with various educational institutions, allowing Simac to continue to be involved in the recruitment and training of new talent in the ICT sector.

## Works council

As in previous years, 2018 has seen constructive collaborations with the works council of Simac Technology. Relations between the board of directors and the works council members are positive, with respect for each other's positions and viewpoints.

## Expectations

Despite the fact that the challenges driven by the market and technology show no signs of fading, Simac looks forward to 2019 with confidence. The speed at which information and communication technology changes is expected to remain high in the next few years, which also means that the pressure from the market to provide our ICT services more efficiently and at lower costs will remain high too.

An important bottleneck remains the availability of qualified technical ICT staff. Simac aims to attract people who feel at home in our corporate culture because this is expected to offer the best chance of continuity. In 2019, Simac will continue to invest in recruiting new staff.

Simac will also continue to invest in the innovation and automation of its service provision in order to improve customer satisfaction. This may put the return under pressure in the short term but in the long term, this will need to contribute to prolonging customer relationships and as such, Simac's continuity.

Simac is prepared to invest in acquisitions if this leads to a demonstrable contribution to its service provision or improvement of its position in defined markets. Simac's robust financial position offers an excellent starting position for this. An important precondition for future acquisitions is that Simac wishes to finance these from its own resources and that the expected payback time remains within acceptable limits.

On the subject of operational investments, Simac takes into account the start of construction of a company building in Belgium, continuing investments in automation and lessee investments in the Veldhoven and Ede premises.

In 2019, as in previous years, Simac expects a positive operating result and net result, but refrains from making detailed statements about the expected return. Due to the current decline in economic growth, international uncertainties (including the ongoing trade dispute between the United States/China and Brexit with/without a deal) and the higher cost level, Simac very much takes into account results lower than the 2018 peak year.

Veldhoven, 15 March 2019

The board of directors

**Eric van Schagen**  
**Michael van Kasteren**

# Corporate Governance

## Explanatory notes to corporate governance

Simac endorses the importance of proper corporate governance, including the integrity and transparency of the actions by its management and has opted to explain the applicable principles and structure below. The Dutch Corporate Governance Code does not apply.

### Outlines of corporate governance structure

Simac Techniek NV is a two-tier board company with a board of directors and an independent supervisory board. This is a so-called two-tier management structure. The main features are as follows:

#### Board of directors

During the year under review, the board of directors of Simac Techniek NV consisted of two people engaging in the management and strategy of the company, as well as the deployment of resources and manpower. The board regularly consults the supervisory board. In accordance with the applicable regulations, important decisions are submitted to the supervisory board and/or the general meeting of shareholders for approval. The supervisory board appoints the board of directors and can suspend and/or dismiss a director. The remuneration and other terms and conditions for appointing a director are determined by the supervisory board.

#### Supervisory board

The supervisory board supervises the policy of the board of directors and the general affairs and advises the board. The supervisory board focuses on the interests of the company. Supervisory directors are appointed by the general meeting of shareholders, on the recommendation of the supervisory board. A supervisory director resigns on the date of the general meeting of shareholders, four years after his appointment and may be reappointed without limit. The remuneration of the members of the supervisory board is stipulated by the general meeting of shareholders. The supervisory board includes an audit committee and a remuneration committee.

#### Annual general meeting of shareholders

The annual meeting is held each year, within five months of the financial year ending. In addition to the agenda items prescribed by law, the agenda of the general meeting of shareholders also contains other proposals of the board of directors, the supervisory board or of shareholders representing at least 3% of the issued capital.

The main powers of the general meeting are:

- the right to appoint the supervisory directors and to determine the remuneration;
- the adoption of the financial statements and the discharge of the board of directors for the policy pursued and the supervisory board for their supervision in the past year under review;

- adoption of dividend on ordinary and preference shares;
- resolutions on amendments to the articles of association;
- issuance by the company of shares or the restriction or exclusion of pre-emptive rights of shareholders;
- the purchase and cancellation of own shares by the company.

#### Information about the male/female ratio

Simac has taken note of the legislation regarding the male/female distribution on the board of directors and the supervisory board. The norm in question has not been met from the start. As Simac aims to commit and hold on to its board of directors, management and supervisory directors on a long-term basis, it will take time before the company has realized proportional representation. In the case of future vacancies, Simac will take the existing deficiency into account, although suitable individual quality for the vacancy will, of course, remain a basic principle and condition.

## Risk and risk management

Simac has a risk management and control system (Internal Control Framework) that takes into account the size and complexity of the organization.

1. Analysis of operational and financial risks
2. Manuals for the organization of financial reporting and the procedures to be followed during the set-up thereof;
3. A monitoring and reporting system.

### 1. Risk analysis of operational and financial risks

The main operational and financial risks are explained below.

Competition comes from both national and international ICT companies. A number of competitors (especially large organizations with a deviating corporate model) may at certain times feel that the combination of a market product is important to the extent that, for a certain period of time, they are prepared to offer specific solutions under the market price or to take measures anticipating a scale to be attained in the future. This can lead to prices being put under pressure or the loss of customers and orders.

Despite all research, the close involvement of the board of directors, supervisory board and other precautions, acquisitions remain an important risk factor. This partly explains why a cautious acquisition policy is conducted.

Important to Simac is that a substantial part of the margin comes from management contracts which are often entered into for multiple years. Positive and negative changes in this recurring business affect the development of future profitability. Any changes in the contract portfolio are monitored by management from month to month and a lot of attention is paid to the renewal dates of current contracts. In the event existing contracts are not renewed, there is a risk of short or long-term losses due to underutilization. If these losses prove to be structural, Simac may be compelled to adjust its work capacity accordingly.

ICT projects are generally accepted on the basis of fixed price agreements (obligation of result). Entering into result obligations leads to higher risks in respect of profitability, particularly in the case of large projects.



Systems installed or infrastructures managed by Simac for its customers are used for operationally critical processes. Interruption of these operational processes as a result of actions by Simac may lead to (reputational) damage and claims.

Due to the introduction of the General Data Protection Regulation (GDPR), Simac has concluded processing agreements with customers for whom personal data are processed. In addition, Simac has appointed a data protection officer.

The markets in which Simac operates are subject to fast technological changes. The introduction of new products or technologies could lead to a rapid and substantial reduction of income from current products and services. It is vital that Simac is able to timely adopt and integrate new technologies in its range of products and services.

Suppliers who are important to Simac issue partnership statuses which are decisive for the prices and conditions under which Simac can purchase from these suppliers. Retention of these statuses is important in respect of purchasing discounts and other favorable purchasing conditions. Technical engineers from Simac regularly attend certification courses to ensure specific product knowledge.

Partly due to the shortage on the labor market, Simac frequently uses specialist temporary staff for the execution of assignments at clients. Simac has drawn up internal rules for the assessment of suppliers and the prior drafting of legally adequate (tax) agreements. Despite the risk-mitigating measures taken (including partial payment on G accounts), Simac can be formally held liable for wage and turnover tax to be paid by the supplier.

Within the framework of risk management, Simac Techniek NV has taken out insurance against the most common risks relating to business operations, such as trading loss, fire and liability. Simac is of the opinion that the insurance taken out offers sufficient cover to manage such risks and to limit the effect on the result.

Direct exposure to risks associated with Brexit is currently not significant for Simac. However, if economic growth in 2019 is negatively affected as a result of a no-deal Brexit, this may have consequences for Simac. Partly with a view to maintaining access to the market in the United Kingdom, Simac IDS Ltd. was established in Manchester during the financial year. This allows building up a local organization to continue to serve customers.

Furthermore, reference is also made to note 16 of the explanatory notes to the consolidated financial statements, as this provides further explanations of the credit, liquidity and market risks.

## 2. Guidelines for the organization of financial reporting and the procedures to be followed for the set-up thereof

The guidelines for the organization of financial reporting and the procedures to be followed for the set-up thereof are incorporated in the Simac Accounting Manual. This manual includes the following elements:

- group reporting schedule;
- set of standard reporting formats;
- accounting principles;
- intercompany procedures.

The reporting formats include monthly balance sheets and profit and loss accounts and statements of the working capital and foreign exchange positions. In addition, the budgets and the monthly figures are often furnished with explanatory notes (management summary) by the board of directors of the Simac companies. The budget is evaluated each quarter. The working capital statements are prepared on a weekly basis and contain information on accounts receivable, accounts payable, inventories and liquid assets.

The fortnightly foreign exchange positions focus on the foreign currencies that are most important to Simac, namely USD, CHF and JPY. Simac covers the reported foreign exchange positions as much as possible in cash, taking into account the projected cash flows in time, where possible.

The intercompany procedures provide for a monthly written liaison on mutual progress and debts.

Simac has signed a horizontal monitoring agreement with the Dutch tax authorities. Measures for securing reliable processing of tax liabilities are incorporated into the existing system of internal control and management measures as much as possible.

### 3. Monitoring and reporting

The monitoring and reporting system of Simac is geared to the monthly and quarterly meetings between the board of directors of Simac Techniek NV and the Simac companies. During these meetings, the boards of directors of the subsidiaries provide a more detailed explanation to the financial position, the results and the forecast for the remainder of the financial year based on the monthly balance sheet and the profit and loss account.

Each quarter, the boards of directors of the Simac companies report on risk management and control by means of an internal letter of confirmation. These concern financial risks including complying with reporting requirements, valuation of projects, inventories and accounts receivable, complying with the requirements of rendering account with regard to return and making effective reservations. In addition, an assessment is made in respect of risks attached to legal, insurance and staff aspects, twice a year.

The results of the quarterly reports are discussed by the holding board and the audit committee.

The board of directors of Simac Techniek NV believes that the procedures of quarterly meetings with additional written reporting enable the board of directors to effectively monitor the developments within the subsidiaries and to take corrective measures, where and when required.

# Report from the supervisory board

## Report supervisory tasks by the supervisory board

We hereby present the report of the supervisory board for the 2018 financial year.

The financial statements have been audited by BDO Audit & Assurance bv, who have issued an unqualified audit opinion. This is detailed on page 76 of this annual report. We advise the general meeting of shareholders to adopt the financial statements and to discharge the board of directors from liability. The supervisory board approves the dividend proposal of the board of directors set out on page 73 of this report.

During the year under review, the supervisory board met seven times. These meetings were held in the presence of the board of directors, as well as with the board of Simal Beheer bv.

Significant topics discussed at the meetings during the year include:

- Monthly financial reports with insight into the development of results, financial and cash positions and operating results per operating company.
- The adjusted forecast results on the basis of developments during the financial year, per quarter.
- The budget, both consolidated and per operating company, for 2019.
- Developments per operating company are monitored closer as directors present their operating companies and are asked questions during the meetings.
- Developments in non-consolidated participating interests. Attention was paid to, among other things, the investment in and financing of Simac Obec bv and the sale of Genexis Holding bv.
- Intended participations and other investment initiatives. This concerns, among other things, the acquired majority interests in Aranea Consult bv and Wavetel SAS (France), as well as the acquisition of the Asterion trading enterprise.
- Other acquisition options.
- Developments and points of consideration in the personnel policy, including future prospects in management.
- Developments in the field of corporate social responsibility and environmental policy.

After consultation between the supervisory board and the board of directors, it was decided to appoint a fourth supervisory director. Partly with a view to the proportional representation of women, both the supervisory directors and the board of directors are pleased that Ms Sylvia Roelofs has accepted a seat on the supervisory board. The appointment of Ms Roelofs has been confirmed at the general meeting of shareholders on 3 April 2018.

During 2018, the supervisory board held several constructive meetings with the works council. Mr Hermans maintains contact with the works council on behalf of the board.

## Report of the supervisory board committees

The supervisory board has appointed two committees from its midst, the audit committee and the remuneration committee. The meetings of the audit committee are combined with the regular meetings of the supervisory board. The remuneration committee convened twice during the financial year.

### **Audit committee**

The audit committee consists of W. van Winden (chairman) and H.P.M. Kivits.

The audit committee inspected the audit report of BDO at the meeting of 07 March 2018. This report was explained by the auditors during the meeting and any questions of the audit committee were answered satisfactorily. Compared to the internal figures that were presented, no adjustments of material significance were made.

Following the audit of the 2017 financial year, the audit committee was actively involved in the evaluation. This evaluation led to the decision to propose to the shareholders to appoint BDO Audit & Assurance bv as auditors for the year 2018.

The audit committee was actively involved in the discussion of the audit approach for the 2018 financial year. These consultations were held with BDO and were partly attended by the CFO.

### **Remuneration committee**

The remuneration committee consists of Mr N.I.M. Hermans (chairman) and Mrs S.J.M. Roelofs.

The main topics that were discussed during the meetings concerned the adoption of the fixed remuneration for the board of directors and senior management for the coming year and the adoption of the variable remuneration of the board of directors and senior management for the past year under review.

Recruitment and selection of members of the supervisory board and the board of directors are the responsibility of the remuneration committee.

The developments in terms of remuneration and the palpable tensions on the labor market have been discussed extensively. The open discussion of this subject between the supervisory directors and the board of directors and HR director should result in a future-proof remuneration and career system.

Given the continuation of Simac as a family business, the remuneration committee is actively involved in consultations with family members about their ambitions in relation to possible contributions to management or executive positions in the future.

### **Remuneration of the supervisory board**

The remuneration for the members of the supervisory board has been set in accordance with the decision of the general meeting of shareholders.

## A final word

Finally, we want to express our gratitude to all members of management, the employees and the works council for their hard work in 2018. We are, of course, extremely happy about the fantastic results with which this financial year was concluded. A very big compliment to everyone who commits himself to Simac every day.

The positive results and robust financial position have laid a solid foundation for meeting the challenges in the coming years. Continuous improvement in the provision of services to customers and in technical innovations will continue to demand the attention of management and staff.

On behalf of the supervisory board,

**Henk Kivits**

Chairman

Veldhoven, 15 March 2019

SIMAC FINANCIAL STATEMENTS OF 2018

# Consolidated Financial Statements of 2018

Amounts in thousands of Euros

## Consolidated balance sheet before profit appropriation

As at 31 December 2018 (2017)

<b>ASSETS</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Intangible fixed assets	1	5,559	3,754
Tangible fixed assets	2	6,118	4,486
Financial fixed assets	3	10,853	11,020
Deferred tax assets	4	984	1,583
<b>Fixed assets</b>		<b>23,514</b>	<b>20,843</b>
Inventories	6	2,594	2,886
Work in progress	7	-	5,171
Trade receivables	8	63,982	45,259
Other receivables, including prepayments	9	14,954	11,940
Investments	10	212	-
Liquid assets		14,098	13,493
<b>Current assets</b>		<b>95,840</b>	<b>78,749</b>
<b>Total assets</b>		<b>119,354</b>	<b>99,592</b>
<b>LIABILITIES</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Equity		46,900	38,337
Third-party interest		2,289	1,492
<b>Group equity</b>	<b>11</b>	<b>49,189</b>	<b>39,829</b>
<b>Provisions</b>	<b>12</b>	<b>2,114</b>	<b>1,604</b>
<b>Long-term liabilities</b>	<b>13</b>	<b>164</b>	<b>-</b>
Credit institutions	16	542	-
Financial lease obligations	13	60	23
Work in progress	7	1,376	-
Trade creditors		24,368	25,577
Taxes and social security contributions	14	8,093	6,632
Other debts and accrued liabilities	15	33,448	25,927
<b>Short-term liabilities</b>		<b>67,887</b>	<b>58,159</b>
<b>Total liabilities</b>		<b>119,354</b>	<b>99,592</b>

Amounts in thousands of Euros

## Consolidated profit and loss account

for the financial year ending 31 December 2018 (2017)

	Note	2018	2017
<b>Net turnover</b>	18	258,619	223,151
Changes in work in progress		-6,547	5,021
Other operating income	19	122	167
<b>Sum of operating income</b>		<b>252,194</b>	<b>228,339</b>
Subcontracted work and other external costs		132,486	123,851
Wages and salaries	20	60,755	55,240
Social security and pension contributions	20	13,771	12,254
Amortization of intangible fixed assets	2	1,237	648
Depreciation of tangible fixed assets	3	1,509	1,696
Impairment losses of intangible and tangible fixed assets	3	21	-
Other operating expenses	21	29,327	24,314
<b>Total operating expenses</b>		<b>239,106</b>	<b>218,003</b>
<b>Operating result</b>		<b>13,088</b>	<b>10,336</b>
Share in the result of non-consolidated participating interests	4	1,630	143
Interest income and similar income		224	148
Changes in value of receivables included in fixed assets and of investments		-610	-340
Interest expenses and similar expenses		-135	-8
<b>Financial income and expenses</b>		<b>1,109</b>	<b>-57</b>
<b>Result from ordinary business operations before taxes</b>		<b>14,197</b>	<b>10,279</b>
Taxes result from ordinary business operations	22	-2,733	-2,152
<b>Group result after taxes</b>		<b>11,464</b>	<b>8,127</b>
Third-party interest	11	-581	-360
<b>Result after taxes</b>		<b>10,883</b>	<b>7,767</b>



Amounts in thousands of Euros

## Consolidated statement of cash flows

for the financial year ending 31 December 2018 (2017)

<b>Cash flow from operating activities</b>	<b>2018</b>	<b>2017</b>
<b>Operating result</b>	<b>13,088</b>	<b>10,337</b>
<i>Restatements for:</i>		
Depreciation and impairment losses	2,767	2,344
Changes in provisions	109	-886
<b>Total of the restatements</b>	<b>2,876</b>	<b>1,458</b>
<i>Changes in working capital:</i>		
Inventories	398	66
Work in progress	6,786	-5,021
Trade receivables	-17,798	1,626
Other receivables, including prepayments	-2,430	-1,378
Trade creditors	-1,850	4,760
Taxes and social security contributions	876	-387
Other debts and accrued liabilities	7,459	1,804
<b>Total of changes in working capital</b>	<b>-6,559</b>	<b>1,470</b>
<b>Cash flow from business operations</b>	<b>9,405</b>	<b>13,264</b>
Dividends and interest received	317	282
Interest paid	-135	-8
Income taxes paid	-2,415	-1,120
<b>Cash flow from operating activities</b>	<b>7,172</b>	<b>12,418</b>

The cash flow statement continues on page 31.

Amounts in thousands of Euros

<b>Cash flow from investing activities</b>	<b>2018</b>	<b>2017</b>
Investments of intangible and tangible fixed assets	-3,092	-1,569
Disinvestments of intangible and tangible fixed assets	89	276
Acquisition of capital interests excluding cash	-4,513	-2,098
Disposal of capital interests excluding cash	2,216	-
Loans issued, funds lent and securities	-2,022	-3,049
Repayments received on loans, funds lent	1,697	4,088
<b>Cash flow from investing activities</b>	<b>-5,625</b>	<b>-2,352</b>
<b>Cash flow from financing activities</b>	<b>2018</b>	<b>2017</b>
Dividends paid	-2,549	-2,172
Changes in equity and third-party interest	-	89
Withdrawal or repayment of bank credit	542	-666
Repayments on other loans	-39	-52
<b>Cash flow from financing activities</b>	<b>-2,046</b>	<b>-2,801</b>
<b>Change in cash</b>	<b>-499</b>	<b>7,265</b>
<b>Cash movements</b>	<b>2018</b>	<b>2017</b>
Balance at the end of the reporting period	14,098	13,493
Cash disposed of or acquired	1,104	-
Balance at the beginning of the reporting period	13,493	6,228
<b>Change in cash</b>	<b>-499</b>	<b>7,265</b>

# Explanatory notes to the consolidated financial statements

## Overview of notes under the explanatory notes to the consolidated financial statements

1. Consolidated accounting principles
2. Intangible fixed assets
3. Tangible fixed assets
4. Financial fixed assets
5. Deferred taxes
6. Inventories
7. Work in progress
8. Trade receivables
9. Other receivables, including prepayments
10. Investments
11. Group equity
12. Provisions
13. Financial lease obligations
14. Taxes and social security contributions
15. Other debts and accrued liabilities
16. Financial instruments
17. Rights and obligations not included in the balance sheet
18. Net turnover
19. Other operating income
20. Personnel expenses
21. Other operating expenses
22. Taxes on profit
23. Related parties
24. Events after the balance sheet date

## 1. Consolidated accounting principles

Simac Techniek NV is established in the Netherlands. It has its registered office at De Run 1101 in Veldhoven, the Netherlands. The company is registered with the Chamber of Commerce under file reference number 17057712.

The consolidated financial statements for the 2018 financial year include Simac Techniek NV and its subsidiaries (jointly referred to as “Simac” or “the Group” and separately as the “group entities”) and the interest of Simac in non-consolidated participating interests.

Simac is primarily engaged in system integration and ICT service provision (information and communication technology). Simac is also active on the periphery of ICT and technology through a number of specialized operating companies. In addition to its home market in the Netherlands, Simac is geographically active in Belgium, Germany, France, Luxembourg and the Czech Republic.

### General

The consolidated financial statements of Simac Techniek NV have been prepared in accordance with the provisions of Title 9, Book 2 of the Netherlands Civil Code. The general basis for the consolidated financial statements for the valuation of assets and liabilities, as well as for the calculation of the result, is the acquisition price or manufacturing cost. Unless stated otherwise, assets and liabilities are included at nominal value.

### Application of Section 402, Book 2 of the Netherlands Civil Code

The financial data of the company are included in the consolidated financial statements. Therefore, in accordance with Section 402, Book 2 of the Netherlands Civil Code, the separate profit and loss account only states the share in the result from participating interests after tax and the remaining result after tax.

### Functional currency and presentation currency

The financial statements are presented in Euros, the functional currency of Simac. All financial information in Euros has been rounded off to the nearest thousand, unless stated otherwise.

### Estimates and assessments

Drawing up the financial statements in accordance with Title 9, Book 2 of the Netherlands Civil Code requires management to make assessments, estimates and assumptions which affect the applied principles, the reported value of assets and liabilities and income and expenditure.

The estimates and corresponding assumptions are based on past experiences and various other factors which, given the circumstances, are deemed reasonable. The actual outcomes may deviate from these estimates and could lead to material adjustments in subsequent financial years. Significant influence of estimates and assumptions mainly manifests itself in the valuation of fair value measurements of assets and liabilities in the event of acquisitions, deferred tax assets, work in progress and provisions.

Estimates and underlying assumptions are under continuous review. Revised estimates are included in the period in which the estimates are revised and in future periods affected by that revision.

### Key accounting principles

The principles for financial reporting set out below have been consistently applied to all periods presented in these consolidated financial statements. The principles for financial reporting have also been consistently applied to the entities that form part of Simac.

## Consolidation principles

The consolidated financial statements of Simac include the financial data of the group companies and other legal entities over which predominant control can be exerted or for which Simac conducts the overall management. Group companies are participating interests in which the company holds a majority interest, or on which a policy-setting influence can be exerted in some other way. The determination whether a policy-setting influence can be exerted involves financial instruments that contain potential voting rights and which can be exercised immediately, thereby giving the company more or less influence.

The consolidation with Simac Techniek NV includes the financial information from the following group entities. Unless stated otherwise, it concerns 100% interests.

### The Netherlands

Aranea Consult bv, 's-Hertogenbosch  
NBriX Datacenter bv, Tilburg  
Simac B.sis bv, Baarn  
Simac Business Solutions bv, Veldhoven  
Simac Document Solutions bv, Ede  
Simac Electronics bv, Drunen  
Simac ICT Nederland bv, Veldhoven  
Simac IDS bv, Veldhoven  
Simac International Services bv, Veldhoven  
Simac Learning Solutions bv, Veldhoven  
Simac Masic bv, Heerlen  
Simac Participaties bv, Veldhoven  
Simac Phobos bv, Veldhoven  
Simac QuadCore bv, Veldhoven  
Simac Triangle bv, Weert

## Abroad

Prodisight NV, Heverlee (Belgium)  
Simac Holding Belgium NV, Kortenberg (Belgium)  
Simac NV, Kortenberg (Belgium)  
Simac BMS GmbH, Cologne (Germany)  
Wavetel SAS, Larmor Plage (France), 70%  
Simac PSF SA, Leudelange (Luxembourg)  
Simac Technik AS, Prague (Czech Republic), 60%  
Simac IDS Ltd., Manchester (United Kingdom)

## Non-consolidated participating interests

Aquestora bv, Eindhoven, 50%  
Breedband Regio Eindhoven, Eindhoven, 3%  
Chess Wise bv, Haarlem, 46%  
Genexis International bv, Eindhoven, 15%  
Inteno Group AB, Skärholmen (Sweden), 4%  
MiddenBrabantNet bv, Tilburg, 50%  
Passengera SRO, Prague (Czech Republic), 33%  
Sensite Solutions bv, Eindhoven, 19%  
Simac Obec bv, Eindhoven, 50%  
Simac Professional SA, Luxembourg, 50%  
Treams Group bv, Eindhoven, 10%  
Vital10 bv, Amsterdam, 10%

During the financial year, the following changes have occurred in the group structure (amounts in thousands of Euros):

On 30 May 2018, all outstanding Aranea Consult bv shares were acquired. As a result of this acquisition, the assets rise by €970 and liabilities by €779 as at the acquisition date. The net turnover over the consolidation period amounts to €2,393.

On 27 July 2018, 70% of the shares of Wavetel SAS (France) were acquired. As a result of this acquisition, the assets rise by €2,726 and liabilities by €1,204 as at the acquisition date. The third-party interest increases by €457. The net turnover over the consolidation period amounts to €2,230.

The financial data of both entities will be included in the consolidation with effect from the aforesaid acquisition date. Goodwill has been recorded for both acquisitions.

The name of Service Carrier bv has been changed to Simac IDS bv and Simac Masic & TSS bv to Simac Masic bv. Simac IDS Ltd. and Simac Obec bv are newly established companies.

The items in the consolidated financial statements are prepared in accordance with uniform accounting principles of the group.

Newly acquired participating interests are included in the consolidation from the moment that policy-setting influence can be exerted. Divested participating interests are included in the consolidation until the date of termination of this influence.

The group companies are fully consolidated, in which the third-party minority interest is shown separately. If the losses attributable to the third-party minority interest exceed the minority interest in the equity of the consolidated company, the difference, as well as any other losses, will be charged to the majority shareholder in full. Due to the negligible importance of some group companies to the whole, consolidation has been omitted pursuant to Section 407, subsection 1, Book 2 of the Netherlands Civil Code.

The third-party interest in the result is deducted from the group result separately, as the last item in the consolidated profit and loss account. The result after taxes accrues to the shareholders of Simac. Simal Beheer bv owns 98.6% of the ordinary shares and all preference shares A and B. More information can be found in note 23 (Related parties).

#### **Elimination of transactions in the event of consolidation**

Intra-group balances and transactions and any unrealized profits and losses on transactions within Simac or income and expenses from such transactions are eliminated when drawing up the consolidated financial statements.

### **Foreign currency**

#### **Transactions in foreign currencies**

Transactions in foreign currencies are converted into Simac's functional currency at the applicable exchange rate on the transaction date. Monetary assets and liabilities expressed in foreign currencies are converted into the functional currency on the balance sheet date, at the exchange rate applicable on that date.

Non-monetary assets and liabilities in foreign currencies that are included at fair value are converted into Euros at exchange rates that applied on the dates on which the fair value was determined. The exchange differences that occur during conversion are included in the profit and loss account.

#### **Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments that arise upon consolidation, are converted into Euros at the exchange rate applicable on the reporting date. The turnover and costs of foreign operations are converted into Euros at the rate that approximates the exchange rate on the transaction date. Exchange rate differences that arise from conversions are included in the reserve for translation differences, except insofar as the exchange rate difference is attributed to minority interests.

## Financial instruments

### Non-derivative financial instruments

Upon initial recognition, loans, receivables and deposits are included on the date on which they arise. Initial recognition of all other financial assets is on the transaction date. The transaction date is the date on which Simac commits to the contractual provisions of the instrument.

Simac no longer includes a financial asset in the balance sheet if the contractual rights to the cash flows from the asset expire or if Simac transfers the contractual rights to receive the cash flows from the financial asset through a transaction in which virtually all risks and benefits associated with ownership of this asset are transferred. If Simac holds or creates an interest in the transferred financial assets, this interest is included as an asset or liability separately.

Financial assets and liabilities are only set off in the balance sheet if Simac has a legally enforceable right to this set-off and if it intends to set off on a net basis or to realize the asset and the liability simultaneously.

## Accounting principles

### Intangible fixed assets

#### Goodwill

Goodwill is the positive difference between the acquisition price of participating interests and the net asset value at the time of acquisition, minus amortizations. The capitalized goodwill is amortized on the basis of economic life, subject to a maximum of 10 years.

#### Research and development

Expenditure for research activities is included in the profit and loss account as an expense when incurred.

Development costs are capitalized insofar as they relate to project costs that are considered commercially feasible and valued at manufacturing price. They mainly include the salary costs and the research and production staff involved; the capitalized costs are amortized according to the straight-line system in five years, after the development phase has ended. A statutory reserve has been included for that part of the capitalized research and development costs that has not yet been amortized.

#### Other intangible assets

Other intangible fixed assets acquired by Simac with a finite useful life are stated at cost less cumulative amortizations and cumulative impairment losses.



### **Amortizations**

The amortization is charged to the profit and loss account on a straight-line basis and on the basis of the estimated economic life of the intangible fixed assets, subject to a maximum of 20 years. The amortization of the other intangible fixed assets starts once the assets are ready for use.

## **Tangible fixed assets**

### **Recognition and valuation**

Tangible fixed assets are stated at cost, reduced by cumulative depreciations and cumulative impairment losses.

The cost includes all costs that can be directly attributed to the acquisition of the asset. The cost of assets made in-house include the cost of materials, direct labor costs and any other costs that can be directly attributed to preparing the asset ready for use, possible costs for dismantling and removal of the asset and the repair costs of the site where the asset is located.

Software that has been purchased and which is integral to the functionality of the corresponding equipment is capitalized as part of the relevant equipment.

### **Depreciations**

Depreciations are charged to the profit and loss account in accordance with the straight-line method, on the basis of the estimated useful life of each part in a tangible fixed asset. Unless it is reasonably certain that Simac will acquire ownership of the leased assets at the end of the lease term, they are depreciated during the term of the lease agreement or the useful life, whichever is shortest. Sites are not depreciated.

The estimated useful life for the current and comparable periods is as follows:

- Buildings and renovations 10 - 30 years
- Other fixed assets 3 - 10 years

Maintenance costs are included in the profit and loss account when incurred.

### **Leased assets**

Lease agreements as part of which Simac assumes virtually all risks and benefits associated with ownership are classified as financial leases. Upon initial recognition, the leased asset is stated at the lowest of the fair value and the present value of the minimum lease payments. After initial recognition, inclusion will be in accordance with the applicable principle.

Other lease concerns operational lease agreements the leased assets of which are not included in Simac's balance sheet.

## **Financial fixed assets**

### **Non-consolidated participating interests**

The participating interests in which significant influence is exerted on the operational and financial policies but over which Simac has no control, are valued at net asset value. This is calculated by

valuing the assets, provisions and liabilities and by calculating the result on the basis of the accounting principles that apply to the parent company. A statutory reserve is created for retained profits of participating interests valued at net asset value that are not at the free disposal of the company. A significant influence is deemed to exist if Simac holds between 20% and 50% of the voting rights of the participating interest.

Participating interests with a negative net asset value are valued at zero. When the company fully or partially vouches for debts of the participating interest in question, a provision is created, primarily at the expense of the receivables from this participating interest and for the remainder under the provisions to the extent of the share if the participating interest has suffered losses, or for the anticipated payments by the company for these participating interests.

Participating interests in which no significant influence is exerted on the operational and financial policies are valued at acquisition price and, if applicable, subject to deduction of impairment losses. The capital interests, other than participating interests, of a permanent nature are valued at acquisition price or lower market value and, if applicable, subject to deduction of impairment losses.

#### **Loans and receivables**

Loans and receivables are financial instruments with fixed or determinable payments not listed on an active market. Such assets are stated at the fair value on initial recognition plus any directly attributable transaction costs. After initial recognition, loans and receivables are carried at amortized cost by means of the effective interest method, reduced by any impairment losses.

#### **Inventories**

Stocks are stated at cost, or at net realizable value if lower. The net realizable value is the estimated sales price within the framework of normal business operations, reduced by the estimated costs of completion and the costs to sell.

The cost of inventories is based on the "first in, first out" principle (FIFO) and comprises the expenditure made upon acquisition of the inventories, the installation costs and other costs incurred as part of transportation to the existing location and adaptation to the current condition. The cost of inventories further consists of directly attributable indirect costs on the basis of normal business capacity.

## Work in progress instructed by third parties

Simac carries out projects instructed by third parties, on a contract basis. The costs by virtue of a project are recorded when incurred. Provided the results of a project can be reliably estimated, project income and costs are recorded across the contract term. If the project results cannot be reliably estimated, income is only recorded up to the amount of the project costs incurred, insofar as these are covered by the project income with sufficient certainty. If total project costs are likely to exceed total project income, the full anticipated loss will be included as a change in work in progress. Income of projects that are yet to be completed is shown as a change in work in progress. Upon completion, the total project income is shown as turnover, in which project proceeds allocated earlier will be deducted from the change in work in progress.

Simac uses the percentage of completion method for measuring the performances delivered in the execution of the projects. In this method, project costs incurred are compared with and expressed as a percentage of the total estimated project costs. Income and costs are recorded in the profit and loss account on the basis of this progress. Expenses incurred in one year for project activities in the next are not included in the calculation.

Projects are shown on the balance sheet on a collective basis, as a receivable from or debt to the clients by virtue of the contracts. Reference is made to a receivable if the amount of the collective return realized exceeds the amount of the terms invoiced. If the collective amount of the return realized is lower than the terms invoiced, reference is made to a debt.

### Trade and other receivables

Upon initial measurement, trade and other receivables are included at fair value and subsequently carried at amortized cost, which is equal to the nominal value, after deduction of the provisions deemed necessary regarding the risk of being unable to collect receivables. These provisions are determined on the basis of an individual assessment of the receivables.

## Contract costs to be amortized

Costs and investments that are directly attributable to service and management contracts are capitalized and then amortized over the contract period. The amortization can relate to a period of more than 12 months.

## Investments

Shares quoted on the stock exchange are valued at market value as at the balance sheet date, with both unrealized and realized changes in value being recorded directly in the profit and loss account as “changes in value of receivables included in fixed assets and of investments” under financial income and expenses. Bonds held to maturity are carried at amortized cost.

## Liquid assets

Liquid assets are valued at nominal value. Unless stated otherwise, liquid assets at the free disposal of Simac.

## Impairment losses

### Non-derivative financial assets

On each reporting date, a financial asset that is not included in the profit and loss account at fair value is assessed for objective evidence of having been subject to an impairment loss. A financial asset is deemed to be subject to an impairment loss if there is objective evidence that an event has occurred after the initial recognition of the asset, which event has had an adverse effect on the expected future cash flows of that asset and which can be reliably estimated.

Objective evidence that financial assets (including shares) are subject to impairment loss include non-compliance with payment obligations and overdue payments by a debtor, restructuring of an amount due to Simac under conditions that Simac would not have considered otherwise, indications that a debtor or issuer will go bankrupt, adverse changes in the payment status of debtors or issuers within Simac, economic circumstances associated with defaults of payment and the disappearance of an active market for a certain investment.

In addition, a significant or long-term fall in the fair value of an investment in shares below cost is deemed objective evidence of an impairment loss.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between the carrying amount and the present value of the expected future cash flows, discounted at the original effective interest of the asset.

Losses are included in the profit and loss account and expressed in a provision for loans and receivables or investments held to maturity. Interest on the asset subject to an impairment loss is included. If an event after the balance sheet date (for example, payment by a debtor) leads to a reduction of the impairment loss, this reduction will be reversed via the profit and loss account.

### Non-financial assets

The carrying amount of Simac’s non-financial assets, excluding inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is evidence of impairment losses. If such evidence exists, an estimate is made of the realizable value of the asset.

An impairment loss is included if the carrying amount of an asset or the cash flow generating entity (at Simac, this concerns an operating company in most cases) to which the asset belongs is higher than the estimated realizable value.

Impairment losses are included in the profit and loss account. Impairment losses included in respect of cash flow generating entities are first deducted from the carrying amount of any goodwill allocated to the entities and then deducted from the carrying amount of the entity's other assets.

Impairment losses with regard to goodwill are not reversed. At each reporting date, impairment losses included in prior periods with regard to other assets are assessed for evidence that the loss has decreased or no longer exists. An impairment loss is reversed if the estimates on which basis the realizable value was determined have changed. An impairment loss is only reversed insofar as the carrying amount of the asset does not exceed the carrying amount, after deduction of depreciations, which would have been determined if no impairment loss had been included.

## Share capital

### Normal shares

Ordinary shares are classified as equity. The marginal costs that are directly attributable to the issue of ordinary shares and share options are included as a deductible item from equity, after deduction of any tax effects.

### Preference share capital

The preference share capital is classified as equity if it is non-redeemable and the dividend payments are voluntary, or if it is redeemable but only at the discretion of Simac Techniek NV. Dividend on preference share capital classified as equity is included as a profit distribution within equity, after adoption by the general meeting of shareholders.

### Dividends

Dividends are included as a liability in the period in which they are declared.

### Third-party interest

The third-party minority interest is valued at the proportional share of third parties in the net value of the assets and liabilities of the relevant group company, determined in accordance with Simac's accounting principles. Insofar as the group company has a negative net value, this will not be allocated to the third-party interest unless there is an actual obligation for the third-party shareholders and they are able to meet the obligation.

## Provisions

### General

A provision is included in the balance sheet when Simac has a legally enforceable or actual obligation as a result of a past event that can be reliably estimated and it is probable that an outflow of resources will be required to settle that obligation.

Provisions are determined by calculating the net present value of the expected future cash flows based on a pre-tax discount rate that reflects the current market estimates of the time value of

money and, where necessary, the specific risks associated with the obligation. The interest accrual of provisions is posted as a financial expense.

#### **For pensions**

Simac has arranged pension schemes for its employees based on both a defined contribution plan and a defined benefit plan. This concerns insured schemes in all cases.

A defined contribution plan is a post-employment benefit plan in which Simac pays fixed contributions to the insurance company and has no legally enforceable or actual obligation to pay further contributions. Obligations in connection with contributions to pension schemes based on defined contributions are included as employee benefit expenses in the profit and loss account when the contributions are due. Prepaid contributions are included as an asset insofar as a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are payable more than twelve months after the end of the period in which the employees delivered the related performance, are discounted up to their present value.

Defined benefit plans are all post-employment benefit plans other than defined contribution plans. Simac's obligations under defined benefit plans are based on the financing agreements laid down between Simac and the pension provider. Obligations in connection with contributions to pension schemes based on defined contributions are included as employee benefit expenses in the profit and loss account when the contributions are due unless in the event of legally enforceable or actual obligations towards the pension provider or employees.

#### **Other long-term employee benefits**

Simac's net obligation by virtue of long-term employee benefits that do not relate to a pension commitment relates to the entitlements accrued by employees in exchange for their services in the reporting period and previous periods. These entitlements are discounted to determine the present value, while the fair value of any related assets will be deducted from this.

The discount rate is the return as at the reporting date of high-quality corporate bonds whose maturities approximate Simac's obligations. Any actuarial gains and losses are included in the profit and loss account in the period in which they occur. The calculation is performed by an accredited actuary, according to the projected unit credit method.

#### **Termination benefits**

Termination benefits are included as an expense if Simac, on the basis of a detailed formal plan, has demonstrably committed itself to terminate the employment of an employee or group of employees before the usual retirement date, without a realistic possibility of revoking that plan. This is also the case if Simac offers termination benefits, thereby encouraging (a group of) employees to leave voluntarily. Termination benefits for voluntary redundancy are included as an expense if Simac has made an offer to encourage voluntary redundancy if it is likely that this offer will be accepted and if the number of employees who will take up the offer can be reliably determined.

#### **Onerous contracts**

A provision for onerous contracts is included in the balance sheet when the benefits expected to be gained by Simac from an agreement are lower than the unavoidable costs of meeting the obligations under the agreement.

The provision is valued at the present value of the expected costs for terminating the contract or if lower, at the present value of the expected net costs for continuing the contract. Prior to the recognition of a provision, Simac may include an impairment loss on the assets relating to the contract.

#### **Restructuring**

Restructuring provisions are included when Simac has approved a reorganization plan and a start has been made with the restructuring or the restructuring has been announced. No provision is made for future operating expenses.

### **Net turnover**

#### **Sale and installation of goods**

Turnover from the sale and installation of goods is included at fair value of the consideration received or to be received, after deduction of trade discounts. Income from the sale of goods and projects is included in the profit and loss account if the important risks and benefits of ownership have been transferred to the buyer, the collection of the consideration due is likely, the costs in connection with this or the possible return of goods can be reliably estimated, the goods are not subject to continuous management engagement and the extent of the income can be reliably ascertained. If a discount is likely to be granted and provided this can be reliably ascertained, the discount will be included as a reduction of the income when including the sales.

The transfer of risks and advantages varies according to the conditions of the relevant sales contract, yet usually takes place when the goods are delivered to the client in the event of selling goods. Risks and benefits in relation to the sale of projects are usually transferred upon project acceptance by the customer.

### **Service and management contracts and other services**

Turnover by virtue of service and management contracts and other services is included in the profit and loss account in accordance with the phase of completion of the transaction on the balance sheet date. The phase of completion can be ascertained on the basis of assessments of the work performed.

### **Work in progress instructed by third parties**

Income from work in progress carried out on the instruction of third parties relates to projects carried out for customers and which are subject to an obligation of result. It concerns projects in the fields of ICT infrastructures and ICT applications.

Contractual income includes the initial amount as contractually agreed, increased with possible deviations in the contractual work, insofar as it is likely that they will generate income and can be reliably ascertained.

If a reliable estimate can be made of the result of work in progress carried out on the instruction of third parties, the contractual income will be included in the result in accordance with the phase of project completion. The phase of completion can be ascertained on the basis of assessments of the work performed. If the result of a contract cannot be reliably ascertained, contractual income will only be included insofar as it is likely that the contract costs incurred will be recouped.

Contractual expenses are included as soon as they are incurred unless these expenses lead to the formation of an asset which is related to future contractual work. Anticipated losses in a project are included in the result immediately.

### **Rental income**

Rental income from subletting property is included under other operating income.

## **Operating expenses**

### **Costs of service and management contracts**

The costs of service and management contracts are recorded in the profit and loss account according to the term of these contracts. The corresponding prepayments and accrued income are included under other receivables.

### **Subcontracted work and other external costs**

Subcontracted work and other external costs are included at acquisition price. Purchasing discounts, freight charges, import duties due and the costs of inventory write-downs are also included under this item, as is the hiring of direct personnel. The hiring of indirect personnel is recorded under other operating expenses.

## **Lease payments**

### **Lease payments under operational leasing**

Lease payments under operating leasing are included in the profit and loss account on a straight-line basis for the duration of the lease period.



### **Lease payments under financial leasing**

The minimum lease payments are partly included as financing costs and partly as repayment of the outstanding obligation. The financing costs are allocated to each period of the total lease term in such a way that this results in a fixed periodic interest rate on the remaining balance of the obligation.

### **Financial income and expenses**

Share in the result from participating interests concerns the result attributed to Simac in non-consolidated participating interests. This includes the book result when selling a participating interest.

Interest income and similar income include interest income on invested funds, dividend income, and reversed impairment losses on financial assets.

Interest income is included in the profit and loss account through the effective interest method, as it accrues. Dividend income is included in the profit and loss account as soon as Simac's entitlement to payment is established. In the case of listed investments, this is the date on which the dividend is paid.

Interest expenses and similar expenses include the interest expenses on funds withdrawn, the interest accrual on provisions, and impairment losses of financial assets. All financing costs, including those on financial lease payments, are included in the profit and loss account using the effective interest method.

### **Income taxes**

The tax on profit or loss for the financial year comprises the income taxes due and offsettable for the reporting period and deferred income taxes. The income tax is only included in the profit and loss account insofar as it relates to items that are included directly in equity, in which case the tax is included in equity.

The tax payable and offsettable for the financial year is the expected tax to be paid on the taxable profit for the financial year, calculated on the basis of tax rates that have been determined on the balance sheet date or that have already been largely decided on as at the balance sheet date, and corrections to tax due for previous years.

Deferred tax assets and liabilities are formed on the basis of the balance sheet method, whereby an asset is formed or a provision is made for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the carrying amount of those items for tax purposes. Deferred taxes are not included for goodwill that is not tax-deductible.

Deferred taxes are valued using the tax rates that are expected to apply upon reversal of the temporary differences, based on the laws that have (largely) been decided on as at the reporting date.

A deferred tax asset, including receivables based on deductible carry-forward losses, is only included insofar as future taxable profits which can be utilized for the realization of the asset item are likely to be available. The amount of the deferred tax assets will be reduced insofar as the realization of the associated tax benefit is no longer likely.

## Segmentation

The segmentation used in the financial statements is based on the classification adhered to for internal reporting purposes. The operations of Simac mainly consist of the sale and installation of goods for information and communication technology, as well as the management of these ICT infrastructures. The ICT operations are geographically divided between the Netherlands and abroad (Belgium, Germany, France, Luxembourg and the Czech Republic).

The other companies segment comprises a number of independent operating companies. These companies mainly deliver their goods and services in the Netherlands.

Group turnover is, insofar as possible, eliminated per business segment.

## Principles of the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash consists of cash and liquid assets. Cash flows in foreign currencies are converted at the rates used in the profit and loss account.

Income and expenses from interest and tax on profits are included in the cash flow from operating activities. Dividends paid by Simac to its shareholders are included in the cash flow from financing activities.

The acquisition price of acquired group companies is included in the cash flow from investing activities, insofar as payment was made in cash. Cash present at the acquired group company is deducted. When selling group companies, the net sale price, insofar as received, is recorded after the deduction of liquid assets sold. Cash present is not deducted when acquiring or selling other (non-consolidated) capital interests.

Amounts in thousands of Euros

Goodwill identified upon the acquisition of group companies and other capital interests is included in the cash flow statement as part of the acquisition price.

Transactions which do not involve an exchange of cash are not recorded in the cash flow statement.

## 2. Intangible fixed assets

Statement of movements	Goodwill	Other	Total 2018	Total 2017
Acquisition value	5,163	10	5,173	3,675
Cumulative depreciations	1,409	10	1,419	771
<b>Carrying amount as at 1 January</b>	<b>3,754</b>	<b>-</b>	<b>3,754</b>	<b>2,904</b>
Investments	300	-	300	-
Acquisition of subsidiaries	2,735	-	2,735	-
Acquisition of other capital interests	-	-	-	1,498
New consolidation	-	56	56	-
<b>Changes in acquisition value</b>	<b>3,035</b>	<b>56</b>	<b>3,091</b>	<b>1,498</b>
Depreciations	1,235	-	1,235	648
Impairment loss	-	-	-	-
New consolidation	-	51	51	-
<b>Changes in cumulative depreciations</b>	<b>1,235</b>	<b>51</b>	<b>1,286</b>	<b>648</b>
Acquisition value	8,198	66	8,264	5,173
Cumulative depreciations	2,644	61	2,705	1,419
<b>Carrying amount as at 31 December</b>	<b>5,554</b>	<b>5</b>	<b>5,559</b>	<b>3,754</b>

On 30 May 2018, all outstanding shares of Aranea Consult bv were acquired and on 27 July 2018, 70% of the shares of Wavetel SAS (France) were acquired. On 1 July 2018, Simac acquired the trading enterprise from Asterion Electronics bvba (Belgium). The goodwill identified in these acquisitions has been capitalized and is amortized in five years.

Simac has an option to purchase the remaining 30% of the Wavetel shares. Equally, the current 30% shareholder has a right to sell to Simac. The possibility of exercising both options is subject to a standstill period of three years after the acquisition.

Unless stated otherwise, depreciations or impairment losses are recorded in the profit and loss account under depreciations or impairment losses of intangible assets.

Amounts in thousands of Euros

### 3. Tangible fixed assets

Statement of movements	Company buildings and grounds	Other fixed assets	Total 2018	Total 2017
Acquisition value	4,693	14,947	19,640	20,308
Cumulative depreciations	2,748	12,406	15,154	15,419
<b>Carrying amount as at 1 January</b>	<b>1,945</b>	<b>2,541</b>	<b>4,486</b>	<b>4,889</b>
Investments	431	2,356	2,787	1,569
Disinvestments	-	-270	-270	-2,237
New consolidations	242	567	809	-
Other changes	-	-1,010	-1,010	-
<b>Changes in acquisition value</b>	<b>673</b>	<b>1,643</b>	<b>2,316</b>	<b>-668</b>
Depreciations	289	1,220	1,509	1,696
Impairment loss	-	163	163	-
Reversal of impairment loss	-142	-	-142	-
Disinvestments	-	-181	-181	-1,961
New consolidations	40	298	338	-
Other changes	-	-1,003	-1,003	-
<b>Changes in cumulative depreciations</b>	<b>187</b>	<b>497</b>	<b>684</b>	<b>-265</b>
Acquisition value	5,366	16,590	21,956	19,640
Cumulative depreciations	2,935	12,903	15,838	15,154
<b>Carrying amount as at 31 December</b>	<b>2,431</b>	<b>3,687</b>	<b>6,118</b>	<b>4,486</b>

Simac owns a building in Belgium that is financed through a financial lease. This agreement ended in 2018 and the property has become the property of Simac by exercising the purchase option. The carrying amount of the building at year-end 2018 is €450 (2017: €500).

At the end of the financial year, €1.3 million (2017: €0.5 million) of other fixed assets are accounted for by exchange parts and €1.1 million (2017: €1.2 million) by automation. Also included are machinery and equipment and other fixed assets.

Disinvestments of other fixed assets during the financial year are accounted for by exchange parts, machinery and equipment and automation. At the end of the financial year, an impairment loss of €163 was recorded. They are unnecessary assets as a result of the closure of a data center. An earlier impairment loss of €142 has been reversed. This is in relation to real estate in Belgium.

New consolidations concern the effect of the Aranea Consult bv and Wavetel SAS acquisitions. Depreciations or impairment losses are recorded in the profit and loss account under depreciations or impairment losses of tangible assets.

Amounts in thousands of Euros

## 4. Financial fixed assets

	2018	2017
Non-consolidated participating interests	1,407	1,880
Receivables from participating interests	871	278
Receivables from shareholders	7,733	7,833
Other receivables	842	1,029
	<b>10,853</b>	<b>11,020</b>

Non-consolidated participating interests	Locality	Capital interest 2018	Capital interest 2017	Equity	Result
<b>Participating interests &gt; 20%:</b>					
Aquestora bv	Eindhoven	50%	50%	-73	182
Chess Wise bv	Haarlem	46%	46%	-1,677	-1,260
Genexis Holding bv	Eindhoven	-%	20%	-	-
MiddenBrabantNet bv	Tilburg	50%	50%	-1,660	-
Passengera SRO	Prague	33%	33%	219	-262
Simac Obec bv	Eindhoven	50%	-%	-711	-711
Simac Professional SA	Luxembourg	50%	50%	598	194

Participating interests > 20% are included as capital interests in which Simac exercises significant influence on the operational and financial policy. The data on equity and result are included on a 100% basis.

The financial data of Aquestora bv, Chess Wise bv, Simac Obec bv Passengera SRO and Simac Professional SA are based on the internal figures as at 31 December 2018. The others on the internal figures of the 2017 financial year.

Changes in participating interests during the financial year	Total 2018	Total 2017
Balance as at 1 January	1,880	1,305
Acquisition of interests	382	2,098
Recording of goodwill after acquisition	-2,216	-1,498
Capital contribution	154	-
Share in the result from participating interests	1,630	143
Translation differences	21	13
Inclusion of the result on outstanding receivables	-345	-47
Dividend	-99	-134
<b>Balance as at 31 December</b>	<b>1,407</b>	<b>1,880</b>

Amounts in thousands of Euros

When Simac Obec bv was incorporated on 15 January 2018, Simac acquired 50% of the shares against a nominal payment on the issued share capital. During the course of the financial year, Simac provided additional financing.

On 30 August 2018, Simac sold the Genexis Holding bv shares. The book profit resulting from this transaction is recorded under share in the result from participating interests. In addition to the part in cash, the purchase price was partly received in a 4% equity interest in Inteno Group AB (Sweden) and partly converted into an interest-bearing receivable from the buyer.

During 2018, MiddenBrabantNet bv did not perform any operations.

During the financial year, Simac Professional SA incorporated a 100% subsidiary in Metz (France), operating under the same name.

In addition, Simac holds a number of participating interests in which no significant influence is exercised on the operational and financial policy. They are BRE bv (3%), Sensite Solutions bv (19%) Treams Group bv (10%), all established in Eindhoven and Vital10 bv (10%) in Amsterdam. As a result of the sale of Genexis Holding bv, Simac has acquired a 19% equity interest in Genexis International bv for free.

With the exception of the interest in Sensite Solutions bv, the aforesaid participating interests are included at acquisition price. The interest in Sensite Solutions has been written down to zero.

<b>Changes in receivables during the financial year</b>	<b>Participating interests</b>	<b>Shareholders</b>	<b>Other</b>	<b>Total 2018</b>	<b>Total 2017</b>
<b>Nominal balance as at 1 January</b>	<b>1,906</b>	<b>7,833</b>	<b>2,712</b>	<b>12,451</b>	<b>13,325</b>
Provisions	622	1,400	-	2,022	3,049
Repayments	-	-1,500	-197	-1,697	-3,167
New consolidation	-	-	15	15	-921
Other changes	-	-	-5	-5	165
<b>Nominal balance as at 31 December</b>	<b>2,528</b>	<b>7,733</b>	<b>2,525</b>	<b>12,786</b>	<b>12,451</b>
Write-down of receivables	-1,657	-	-1,683	-3,340	-3,311
<b>Carrying amount as at 31 December</b>	<b>871</b>	<b>7,733</b>	<b>842</b>	<b>9,446</b>	<b>9,140</b>

Financing has been provided to non-consolidated participating interests. These loans are partly provided for on the basis of Simac's share in the assets and result of these capital interests. The relevant receivables are recorded at the carrying amount.

Shareholders concern a loan provided to Simal Beheer bv. This loan was provided as part of the credit agreement with Deutsche Bank AG. This loan has a variable interest rate that is dependent on the three-month Euribor, plus a surcharge of 250 basis points. The term of this loan is indefinite and has no fixed repayment schedule.

Amounts in thousands of Euros

Simac has provided securities for third parties that are included under other financial fixed assets. These securities have been deposited in blocked bank accounts. As these securities often relate to continuing contracts, the term is expected to be more than 1 year. This item also includes interest-bearing receivables from third parties.

## 5. Deferred taxes

### Deferred tax assets

Deferred tax assets are attributable offsettable losses available and valued on the balance sheet date. Movements during the financial year are as follows:

<b>Deferred tax assets</b>	<b>Total 2018</b>	<b>Total 2017</b>
<b>Balance as at 1 January</b>	<b>1,583</b>	<b>1,798</b>
Realization of deferred tax assets	-1,719	-1,406
Recognition of losses not valued previously	1,055	1,200
Valuation adjustment	65	-9
<b>Balance as at 31 December</b>	<b>984</b>	<b>1,583</b>

### Statement and valuation of offsettable losses

The valuation of the deferred tax assets is based on tax losses in the Netherlands available in the future and future profit expectations (for tax purposes). The statement of the available losses and their valuation is as follows:

<b>Statement of available losses and valuation at year-end</b>	<b>Total 2018</b>	<b>Total 2017</b>
Offsettable losses in the Netherlands	6,731	12,659
<b>Available losses</b>	<b>6,731</b>	<b>12,659</b>
Less: non-valued losses	3,068	6,329
<b>Valued losses</b>	<b>3,663</b>	<b>6,330</b>
<b>Valuation on the balance sheet at year-end</b>	<b>916</b>	<b>1,583</b>

The majority of offsettable losses in the Netherlands can be set off against future profits up to and including 2021. Offsettable losses occurring up to and including the 2015 tax year have been determined by the tax authorities. Other losses are approximated on the basis of tax bases.

Amounts in thousands of Euros

The valuation of available losses is based on the profit expectations for tax purposes for the next 3 years, taking into account a deduction for risk if necessary.

Other deferred tax assets of €68 consist of temporary differences between commercial and tax valuations. These are included as valuation differences.

#### Deferred tax liabilities

No deferred tax liabilities have been included in the balance sheet as at the reporting date.

## 6. Inventories

	2018	2017
Trading stocks	3,666	3,681
Provision for unsaleable items	-1,072	-795
	<b>2,594</b>	<b>2,886</b>

The trading stock that is valued at a lower net realizable value amounts to €1,892 (year-end 2017: €2,261). Additions and withdrawals from the provision for unsaleable items are included in the costs of outsourced work and other external costs.

## 7. Work in progress

	2018	2017
Capitalized costs	22,385	20,032
Invoiced installments	-23,761	-14,861
<b>Balance of work in progress</b>	<b>-1,376</b>	<b>5,171</b>

Project income realized during the financial year on work in progress instructed by third parties amount to €100,800 (2017: €86,700) and are recorded in net sales.

The breakdown of the work in progress balance recorded on the balance sheet is included below. At the end of the financial year, advance invoicing of €2.9 million was included under invoiced installments on account of work in progress for which no costs have been capitalized yet.

	2018	2017
Capitalized costs higher than invoiced installments	2,596	5,643
Invoiced installments higher than capitalized costs	-3,972	-472
<b>Balance of work in progress</b>	<b>-1,376</b>	<b>5,171</b>



Amounts in thousands of Euros

## 8. Trade receivables

	2018	2017
Trade receivables	65,626	46,895
Provision for bad debts	-1,644	-1,636
	<b>63,982</b>	<b>45,259</b>

Additions and withdrawals from the provision for bad debts are included in other operating expenses.

## 9. Other receivables, including prepayments

	2018	2017
Costs of service contracts to be amortized	11,752	8,834
Turnover to be invoiced	1,442	1,552
Other receivables	349	228
Prepayments and accrued income	1,411	1,326
	<b>14,954</b>	<b>11,940</b>

The expected long-term part of the costs of service contracts to be amortized is €4,044 (2017: €1,260). During the financial year, €2.1 million was invested in assets for Cloud services. The amortization costs for these assets are allocated to management contracts of customers.

## 10. Investments

	2018	2017
Bonds Groupama SA (France)	212	-
		-

Amounts in thousands of Euros

## 11. Group equity

	Equity	Third-party interest	Group equity
<b>Statement of changes in 2017</b>			
<b>Balance as at 1 January 2017</b>	<b>32,581</b>	<b>1,191</b>	<b>33,772</b>
Group result after taxes	7,767	360	8,127
Revaluation	-	-	-
Translation differences	72	30	102
<b>Total result for the financial year</b>	<b>7,839</b>	<b>390</b>	<b>8,229</b>
New consolidations	-	-	-
Dividends paid	-2,083	-89	-2,172
<b>Transactions with shareholders</b>	<b>-2,083</b>	<b>-89</b>	<b>-2,172</b>
<b>Balance as at 31 December 2017</b>	<b>38,337</b>	<b>1,492</b>	<b>39,829</b>

	Equity	Third-party interest	Group equity
<b>Statement of changes in 2018</b>			
<b>Balance as at 1 January 2018</b>	<b>38,337</b>	<b>1,492</b>	<b>39,829</b>
Group result after taxes	10,883	581	11,464
Revaluation	-	-	-
Translation differences	54	-54	-
<b>Total result for the financial year</b>	<b>10,937</b>	<b>527</b>	<b>11,464</b>
New consolidations	-	445	445
Dividends paid	-2,374	-175	-2,549
<b>Transactions with shareholders</b>	<b>-2,374</b>	<b>270</b>	<b>-2,104</b>
<b>Balance as at 31 December 2018</b>	<b>46,900</b>	<b>2,289</b>	<b>49,189</b>

For a detailed statement of changes in equity, reference is made to note 6 of the explanatory notes to the company financial statements.

The third-party interest relates to group companies included in the consolidation of which Simac does not hold 100% of the outstanding shares.

Amounts in thousands of Euros

## 12. Provisions

<b>Specification of other provisions</b>	<b>2018</b>	<b>2017</b>
Long-service bonuses	1,151	1,032
Restructuring	790	176
Guarantees	36	136
Other	137	260
	<b>2,114</b>	<b>1,604</b>

  

	<b>2018</b>	<b>2017</b>
<b>Balance as at 1 January</b>	<b>1,604</b>	<b>1,599</b>
Made during the financial year	2,092	678
Used during the financial year	-1,581	-638
Released during the financial year	-20	-35
Released during the financial year	19	-
<b>Balance as at 31 December</b>	<b>2,114</b>	<b>1,604</b>

The majority of Simac's employees in the Netherlands are entitled to jubilee benefits when they reach 12, 25 and 40 years of employment. The provision for long-service bonuses is based on an actuarial calculation.

The other provisions include a provision for the costs of redundancies, hiring liabilities, guarantees issued and possible claims.

The part of the provisions expected to be settled within 12 months amounts to €0.8 million (2017: €0.5 million).

## 13. Financial lease obligations

The future financial lease obligations relate to the fleet of Wavetel (France).

Financial lease obligations that expire within 12 months are included under current liabilities. For more information about the interest rate risk, currency risk and liquidity risk run by Simac, reference is made to note 16.

Amounts in thousands of Euros

## 14. Taxes and social security contributions

	2018	2017
Taxes	7,286	6,025
Social security and pension contributions	807	607
	<b>8,093</b>	<b>6,632</b>

Taxes mainly include wage tax, turnover tax and corporation tax or comparable taxes in foreign jurisdictions.

## 15. Other debts and accrued liabilities

	2018	2017
Contract turnover still to be amortized	12,452	10,983
Holiday pay and days' holiday	6,139	5,492
Other debts and accrued liabilities	14,857	9,452
	<b>33,448</b>	<b>25,927</b>

The expected long-term part of the contract turnover to be amortized is €2,897 (2017: €1,582). Other debts and accrued liabilities include bonuses to be paid, reservation of holiday pay and days' holiday, work by third parties and temporary staff.

## 16. Financial instruments

Due to the use of financial instruments, Simac is exposed to the following risks:

1. Credit risk.
2. Liquidity risk.
3. Market risk.

### 1. Credit risk

Credit risk consists of the loss that should be recorded on the balance sheet date if customers or other parties to financial instruments would be fully or partially in default in fulfilling their contractual obligations. Credit risks primarily arise from receivables from customers and other financial assets.

### **Trade and other receivables**

Simac's exposure to credit risk is primarily determined by the individual characteristics of the individual customers. In order to limit the credit risk, Simac has taken out credit insurance for trade receivables. This controls the financing risks at its customers.

In cases where the credit limit issued by the insurer is lower than necessary for the provision of services, the board of directors will take a decision to partly or fully provide it at its own risk. In the event of existing cases, the board of directors has taken into account that there may be existing contract agreements that cannot be changed unilaterally.

In Belgium, Simac provides services for public services and European institutions. This creates trade receivables from these customers. Due to the budgetary and organizational considerations of the customers, Simac is confronted with debtors' days outstanding that exceed the standard debtors' days outstanding. In addition, claims on governments and other institutions that are deemed unable to go bankrupt cannot be included in the credit insurance. Simac does not take into account any impairment losses in the aforesaid claims against government institutions.

In addition, Simac has larger debts from Retail customers with payment periods that also exceed terms that are customary in other sectors. These Retail debts are coordinated with the credit insurer.

In a number of cases, Simac sells goods on the basis of a hire purchase agreement. These hire purchase agreements generally have a term of twelve months. When accounting for the result, Simac takes into account the costs of a possible early termination during the term of the agreement. The goods in question remain the property of Simac until payment of the last hire purchase installment.

## **2. Liquidity risk**

The liquidity risk is the risk that Simac is unable to meet its financial obligations at the required time. The principle of liquidity risk management is that sufficient liquidity or credit facilities are maintained, insofar as possible, in order to be able to meet current and future financial obligations under normal circumstances, without incurring unacceptable losses or jeopardizing Simac's reputation.

### **Financing facility**

Simac has an international cash management system for the Benelux, with a credit facility of €10 million being available to Simac companies in the Benelux. In addition, a facility of €2 million is available for the provision of bank guarantees. Allocation for the use of the credit facility is made by the board of directors, based on debtors eligible for financing. Simac Techniek NV and Simal Beheer bv are related parties in the credit agreement with Deutsche Bank AG.

### Securities provided

With regard to the facilities provided by the credit institution, Simac has provided the following securities for subsidiaries established in the Netherlands and Simac NV, Belgium.

- Joint and several liability for these companies
- First pledge on machinery and equipment
- First pledge on inventories
- First pledge on receivables

Additional securities have been provided by Simal Beheer bv.

### Other conditions

The terms and conditions under which the credit is provided relate to the consolidated figures of Simal Beheer bv. These conditions concern solvency and net-debt/EBITDA ratios.

## 3. Market risk

Market risk is the risk that the income or value of Simac's financial assets is adversely affected by changes in market prices, such as exchange rates, interest rates and share prices. The objective of market risk management is to keep the market risk position within acceptable limits, while maintaining a maximum return.

### Exchange risk

Simac's exchange risk is largely the result of purchases and sales as part of its ordinary business operations compared to the Euro. The main exchange risk is the US dollar. Together with a number of other currencies whose risks are lower, the dollar position is frequently monitored and the board of directors decides when and which foreign exchange positions should be hedged.

### Interest rate risk

The financial lease obligations have a variable interest rate. The credit facility concluded for the Benelux has a variable interest rate that is based on one-month Euribor, plus a surcharge.

### Fair value

Participating interests in which no significant influence is exerted on the operational and financial policies are valued at acquisition price, as a result of which the fair value can deviate substantially. Quoted market prices are not available for any of these participating interests.

Other differences between the carrying amounts of the financial assets and liabilities are assumed to be insignificant.

Amounts in thousands of Euros

## 17. Rights and obligations not included in the balance sheet

### Rental and operational lease obligations

As at 31 December	Rent	Cars	2018	2017
Less than 1 year	1,949	4,369	6,318	6,182
Between 1 and 2 years	1,628	3,241	4,869	4,576
Between 2 and 3 years	1,059	1,907	2,966	3,287
Between 3 and 4 years	1,015	843	1,859	2,011
Between 4 and 5 years	80	220	300	1,170
More than 5 years	320	-	320	325
	<b>6,051</b>	<b>10,581</b>	<b>16,632</b>	<b>17,552</b>

### Guarantees issued

At the end of the year under review, Simac provided or promised bank guarantees for third parties up to an amount of €1.1 million (2017: €0.4 million).

### Joint and several liability

Simac Techniek NV, together with its parent company Simal Beheer bv and most of its 100% Dutch participating interests, form a tax entity for corporation tax purposes. The tax entity for turnover tax includes Simac Techniek NV and all 100% Dutch participating interests. The entities included in the tax entity are jointly and severally liable for the resulting tax liabilities of the tax entity as a whole.

### Investment and financing obligations

At the end of the financial year, Simac took the decision to build a new office building in Haasrode (Belgium). Current expectations are that the corresponding investment will amount to €5.7 million.

At the end of the financial year, Simac made a commitment to granting a €1 million subordinated loan to a company in which an interest of 50% will be acquired.

## 18. Net turnover

Per sales category	2018	2017
Sale and installation of goods (w.o. projects)	139,753	119,621
Service and management contracts	86,947	81,000
Other services	31,919	22,530
	<b>258,619</b>	<b>223,151</b>

Amounts in thousands of Euros

<b>Per business segment</b>	<b>2018</b>	<b>2017</b>
ICT companies in the Netherlands	117,330	91,899
ICT companies abroad	108,113	102,316
Other companies	33,781	29,418
Holding and eliminations	-605	-482
	<b>258,619</b>	<b>223,151</b>

Sales and installation of goods include the design and installation of infrastructures for information and communication technology. This often concerns projects instructed by third parties based on an obligation of result. This also includes the construction and delivery of industry-specific and solution-oriented applications in both ICT and industrial environments. Service and management contracts concern the management of these IT infrastructures and applications.

## 19. Other operating income

Other operating income is income from subletting and relates to properties in Veldhoven and Ede. In addition, a liquidation payment from bankruptcy was received during the financial year.

## 20. Personnel expenses

	<b>2018</b>	<b>2017</b>
Wages and salaries	60,755	55,240
Social security and pension contributions	13,771	12,254
	<b>74,526</b>	<b>67,494</b>

<b>Average number of employees (full time equivalents)</b>	<b>2018</b>	<b>2017</b>
<b>Business segments</b>		
ICT companies the Netherlands	552	532
ICT companies abroad	267	251
Other companies	148	140
Holding	19	14
	<b>986</b>	<b>937</b>
<b>Geographically</b>		
The Netherlands	718	686
Abroad	268	251
	<b>986</b>	<b>937</b>
<b>Number of employees as at the balance sheet date (full time equivalents)</b>	<b>1,003</b>	<b>954</b>



Amounts in thousands of Euros

Abroad concerns operations in Belgium, Germany, France, Luxembourg, Czech Republic and the United Kingdom.

The average number of temporary staff during the financial year was 188 (2017: 66).

## 21. Other operating expenses

	2018	2017
Other personnel expenses	7,431	5,735
Accommodation costs	4,580	4,280
Car and travel costs	8,346	7,700
Telecommunications and automation costs	2,839	2,535
Costs to sell	1,531	1,280
Other costs	4,600	2,784
	<b>29,327</b>	<b>24,314</b>

Other personnel expenses include the costs of hiring indirect personnel, training costs and expense allowances. Car and travel costs mainly concern operational lease terms for cars.

The overview of the external auditor's fees is as follows:

External auditor fees	BDO NL	BDO Network	Other	2018	2017
Annual audit	197	21	27	245	228
Other financial statements activities	-	-	9	9	13
Tax consultancy fees	40	6	30	76	104
Other advisory work	38	56	21	115	-
	<b>275</b>	<b>83</b>	<b>87</b>	<b>445</b>	<b>345</b>

BDO NL is BDO Nederland, BDO Network are other BDO offices and Other are other accounting firms that have audited one or more entities from the scope of consolidation. Other advisory work largely consists of due diligence support during acquisitions.

Amounts in thousands of Euros

## 22. Taxes on profit

<b>Taxes on profit included in the profit and loss account</b>	<b>2018</b>	<b>2017</b>
Taxes due for the financial year	-2,069	-1,934
Tax adjustments from previous years	-	-12
<b>Current taxes</b>	<b>-2,069</b>	<b>-1,946</b>
Realization of deferred tax assets	-1,719	-1,406
Recognition of deferred tax assets	1,055	1,200
<b>Deferred taxes</b>	<b>-664</b>	<b>-206</b>
<b>Total of current and deferred taxes</b>	<b>-2,733</b>	<b>-2,152</b>

The reconciliation between the nominal and effective income tax rate is as follows:

<b>Reconciliation statement of the effective tax burden</b>	<b>2018</b>	<b>2017</b>
Result before taxes	14,197	10,280
<b>Nominal income taxes (25%)</b>	<b>-3,549</b>	<b>-2,570</b>
<i>Effect on nominal tax of:</i>		
Cost corrections for tax purposes	-379	-304
Participation exemption	377	37
Recognition of losses not valued previously	1,055	1,200
Tax-offsettable losses not included	-	-167
Rate differences	-224	-338
Tax corrections	-	-12
Other differences	-13	2
<b>Effective income taxes</b>	<b>-2,733</b>	<b>-2,152</b>
<b>Effective tax burden</b>	<b>-19.3%</b>	<b>-21.0%</b>

The nominal tax rate is based on the Dutch corporation tax rate. The 20% income tax band has not been taken into account when calculating nominal income tax.

In both 2018 and 2017, income taxes were not included in equity directly.

## 23. Related parties

Unless otherwise stated, all related party transactions were made under normal market conditions (at arm's length).

### **Simal Beheer bv**

Simal Beheer bv is Simac's parent company and owns all outstanding preference shares A and B, as well as 98.6% of the outstanding ordinary shares.

Simac has concluded long-term lease contracts with Simal Beheer bv for a total of three business premises in Veldhoven and Ede. Simac and its wholly-owned subsidiaries are included in a corporation tax entity with Simal Beheer bv.

Simac and Simal Beheer bv are related parties in the credit agreement with Deutsche Bank AG. As part of the agreements from this credit agreement, Simac has provided a long-term loan to Simal Beheer bv. Further reference is made to note 16.

All transactions and agreements with Simal Beheer bv are submitted to the supervisory board of Simac Techniek NV in advance, for approval.

### **Other related parties**

Other related parties are non-consolidated participating interests of Simac and participating interests of Simal Beheer bv. Trade or financing transactions have taken place with these parties.

## 24. Events after the balance sheet date

Currently, no events after the balance sheet date are known that have significant consequences for the actual situation as at the balance sheet date.

SIMAC FINANCIAL STATEMENTS OF 2018

# Company financial statements of 2018

Amounts in thousands of Euros

## Company balance sheet before profit appropriation

for the financial year ending 31 December 2018 (2017)

<b>ASSETS</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Intangible fixed assets	2	5,284	3,754
Tangible fixed assets	3	782	568
Financial fixed assets	4	48,481	37,741
<b>Fixed assets</b>		<b>54,547</b>	<b>42,063</b>
Receivables	5	6,120	6,499
Liquid assets		5,734	7,608
<b>Current assets</b>		<b>11,854</b>	<b>14,107</b>
<b>Total assets</b>		<b>66,401</b>	<b>56,170</b>

<b>LIABILITIES</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Share capital		3,953	3,953
Share premium		68,660	68,660
Statutory reserves		240	899
Other reserves		-36,836	-42,942
Unappropriated result		10,883	7,767
<b>Equity</b>	6	<b>46,900</b>	<b>38,337</b>
Provisions	7	2,445	1,348
Short-term liabilities	8	17,056	16,485
<b>Total liabilities</b>		<b>66,401</b>	<b>56,170</b>

## Company profit and loss account

for the financial year ending 31 December 2018 (2017)

	<b>Note</b>	<b>2018</b>	<b>2017</b>
Result from participating interests after taxes	4	12,740	7,959
Result from holding company after taxes		-1,857	-192
<b>Result after taxes</b>		<b>10,883</b>	<b>7,767</b>

# Explanatory notes to the company financial statements

## Overview of notes under the explanatory notes to the company financial statements

1. Key accounting principles
2. Intangible fixed assets
3. Tangible fixed assets
4. Financial fixed assets
5. Receivables
6. Equity
7. Provisions
8. Short-term liabilities
9. Remuneration of board directors and supervisory directors
10. Rights and obligations not included in the balance sheet

## 1. Key accounting principles

### General

The company financial statements form a part of the 2018 financial statements of Simac Techniek NV. The exemption under Section 2:402, Book 2 of the Netherlands Civil Code has been used with regard to the company profit and loss account of Simac Techniek NV. With due observance of Section 379, subsection 5, Title 9, Book 2 of the Netherlands Civil Code, a list of participating interests has been drawn up and filed for inspection at the offices of the Commercial Register in Eindhoven.

### Accounting principles

For the general principles for preparing the financial statements, the principles for the valuation of assets and liabilities and the determination of the result, as well as for the explanatory notes to the various assets and liabilities and the results, reference is made to the explanatory notes to the consolidated financial statements, insofar as not stated otherwise below.

The result of participating interests in which significant influence is exercised on the business and financial policy is included as the share attributable to the company in the result of these participating interests. This result is determined on the basis of the accounting principles applicable to Simac Techniek NV, as included in note 1 of the explanatory notes to the consolidated financial statements.

Participating interests with a negative net asset value are valued at zero. A provision is formed when the company fully or partially guarantees the debts of the participating interest or if the company has an actual payment obligation. In determining the provision, provisions made for outstanding claims against the participating interest are taken into account.

For participating interests in which no significant influence is exercised on the business and financial policy and which are stated at cost, the dividend is classified as a result. This is included under financial income and expenses.

Amounts in thousands of Euros

## 2. Intangible fixed assets

Intangible fixed assets only include capitalized goodwill on account of the acquisition of group companies and other participating interests.

<b>STATEMENT OF MOVEMENTS</b>	<b>2018</b>	<b>2017</b>
Acquisition value	4,726	3,228
Cumulative depreciation	972	324
<b>Carrying amount as at 1 January</b>	<b>3,754</b>	<b>2,904</b>
Acquisition of group companies	2,735	-
Acquisition of participating interests	-	1,498
<b>Changes in acquisition value</b>	<b>2,735</b>	<b>1,498</b>
Depreciation	1,205	648
<b>Changes in depreciations</b>	<b>1,205</b>	<b>648</b>
Acquisition value	7,461	4,726
Cumulative depreciation	2,177	972
<b>Carrying amount as at 31 December</b>	<b>5,284</b>	<b>3,754</b>

During the financial year, a 100% interest was acquired in Aranea Consult bv and a 70% interest in Wavetel SAS (France). Goodwill has been recorded for these acquisitions.

The capitalized goodwill will be amortized in five years' time.

Amounts in thousands of Euros

### 3. Tangible fixed assets

<b>STATEMENT OF MOVEMENTS</b>	<b>Company buildings and grounds</b>	<b>Other fixed assets</b>	<b>2018</b>	<b>2017</b>
Acquisition value	930	550	1,480	1,101
Cumulative depreciation	438	474	912	775
<b>Carrying amount as at 1 January</b>	<b>492</b>	<b>76</b>	<b>568</b>	<b>326</b>
Investments	198	191	389	379
<b>Changes in acquisition value</b>	<b>198</b>	<b>191</b>	<b>389</b>	<b>379</b>
Depreciation	119	56	175	137
<b>Changes in depreciations</b>	<b>119</b>	<b>56</b>	<b>175</b>	<b>137</b>
Acquisition value	1,128	741	1,869	1,480
Cumulative depreciation	557	530	1,087	912
<b>Carrying amount as at 31 December</b>	<b>571</b>	<b>211</b>	<b>782</b>	<b>568</b>

Investments in company buildings and grounds are lessee investments. These investments are depreciated according to the term of the underlying lease.

### 4. Financial fixed assets

	<b>2018</b>	<b>2017</b>
Participating interests in group companies (DG)	37,368	26,064
Other participating interests (AD)	1,281	1,674
Other receivables (OV)	9,832	10,003
	<b>48,481</b>	<b>37,741</b>



Amounts in thousands of Euros

<b>STATEMENT OF MOVEMENTS</b>	<b>DG</b>	<b>AD</b>	<b>OV</b>	<b>Total 2018</b>	<b>Total 2018</b>
<b>Balance as at 1 January</b>	<b>26,064</b>	<b>1,674</b>	<b>10,003</b>	<b>37,741</b>	<b>34,141</b>
Disposals and repayments	-	-2,216	-1,500	-3,716	-4,088
Investments and provisions	1,230	382	2,022	3,634	3,532
Result from participating interests	12,547	193	-	12,740	7,959
Book profit on sale	-	1,437	-	1,437	-
Dividends received	-2,751	-99	-	-2,850	-4,248
Translation differences	54	-	-	54	71
Realization of deferred tax	-	-	-1,719	-1,719	-1,418
Valuation of losses	-	-	1,055	1,055	1,200
Other changes	224	-90	-29	105	592
<b>Balance as at 31 December</b>	<b>37,368</b>	<b>1,281</b>	<b>9,832</b>	<b>48,481</b>	<b>37,741</b>

During the financial year, interests were acquired in Aranea Consult bv (100%), Simac Obec bv (50%) and Wavetel SAS (France) 70%. Goodwill has been recorded with the acquisition of Aranea and Wavetel. The interest in Genexis Holding bv has been sold.

All loans to group companies and other participating interests are included under other receivables. If and insofar as group companies or participating interests have negative equity, a provision is made for the aforesaid loans.

If Simac Techniek NV is liable for the debts of a participating interest or intends to make up losses, a provision will be included on the liabilities side insofar as the negative equity of the participating interest exceeds the loan provided by Simac Techniek NV. A list of capital interests is included in note 1 of the explanatory notes to the consolidated financial statements.

At year-end 2018, other receivables consist of €7,733 (2017: €7,833) from receivables from participants, of €1,183 (2017: €590) from interest-bearing receivables and €916 (2017: €1,580) from deferred tax assets.

The other changes under other receivables mainly relate to changes in provisions for receivables.

Amounts in thousands of Euros

## 5. Receivables

	2018	2017
Trade receivables	133	164
Group companies	5,786	6,011
Taxes and social security contributions	113	142
Other receivables, including prepayments	88	182
	<b>6,120</b>	<b>6,499</b>

Receivables are expected to have terms of less than one year.

## 6. Equity

The statement of changes in equity during the financial year is as follows:

	Share capital	Share premium	Statutory reserves	Other reserves	Unappropriated result	Total 2018	Total 2017
<b>Balance as at 1 January</b>	<b>3,953</b>	<b>68,660</b>	<b>899</b>	<b>-42,942</b>	<b>7,767</b>	<b>38,337</b>	<b>32,581</b>
Result after taxes	-	-	-	-	10,883	10,883	7,767
Dividends paid	-	-	-	-	-2,374	-2,374	-2,083
Profit appropriation previous financial year	-	-	-	5,393	-5,393	-	-
Revaluation	-	-	-713	713	-	-	-
Translation differences	-	-	54	-	-	54	72
<b>Balance as at 31 December</b>	<b>3,953</b>	<b>68,660</b>	<b>240</b>	<b>-36,836</b>	<b>10,883</b>	<b>46,900</b>	<b>38,337</b>

The authorized capital amounts to €9,000, €3,953 of which issued and paid up. During 2018, there were no changes in the issued and paid-up capital.

	Priority shares	Preference Shares A	Preference Shares B	Ordinary shares
Authorized capital	500	34,999,750	40	34,999,750
In portfolio	-	-29,999,750	-	-20,468,356
Issued and paid-up capital	500	5,000,000	40	14,531,394
Nominal value per share in Euros	0.10	0.10	50,000.00	0.10

Amounts in thousands of Euros

### Share capital

The 40 issued preference shares B have been issued at a price of 500%, as a result of which they have a paid-up share premium of €8 million in total. Each of the preference shares B represents 500,000 votes in the general meeting of shareholders.

The holders of ordinary and preference shares are entitled to the remaining assets of the company, on the understanding that preference shares share therein to the amount of the nominal value of these shares, plus the share premium paid up on these shares. Preference shares A and B are not entitled to a cumulative dividend. Holders of priority shares do not hold property rights. The extraordinary statutory rights of the priority shares are stated under other information.

### Share premium

The share premium reserve is freely distributable. Upon the issue of preference shares B, €8 million was paid up in share premium, which amount remains legally allocated to the preference shares and forms the basis for the dividend calculation on these shares, together with the nominal paid-up capital.

### Statutory reserves

The statutory reserves relate to participating interests and are formed for:

- translation differences arising from the conversion of the financial statements of the net investments into foreign operations. Year-end 2018: €240 (2017: €185);
- the difference between the share of retained earnings and direct changes in equity on the one hand and, on the other, the amount in distributions that can be realized without impediment. Year-end 2018: €- (2017: €714).

### Proposal profit appropriation

In anticipation of the adoption of the financial statements by the general meeting of shareholders, the board proposes to pay the following dividends from the unappropriated result for the 2018 financial year:

- |                                       |            |
|---------------------------------------|------------|
| • 6% dividend on preference shares A  | €30,000    |
| • 6 % dividend on preference shares B | €600,000   |
| • €0,18 per ordinary share            | €2,615,651 |

The calculation of the dividend proposal on ordinary shares is based on the number of outstanding shares as at 31 December 2018. It is further proposed to add the amount remaining after payment of dividend to the other reserves. The proposed dividends have not been included in the balance sheet and Simac does not owe any income taxes on the proposed dividends.

The departure point for the dividend proposal on ordinary shares is that 25% of the profit after deduction of the dividend attributable to preference shares is available for distribution. The board of directors takes into account the expected liquidity, solvency and expected investments in the calculation of the final proposal. Said factors can have a mitigating effect.

Amounts in thousands of Euros

## 7. Provisions

	2018	2017
Participating interests	395	130
Other	2,050	1,218
	<b>2,445</b>	<b>1,348</b>

Other provisions relate to expected jubilee benefits for €1,151 (2017: €1,054). This provision is based on an actuarial calculation.

## 8. Short-term liabilities

	2018	2017
Trade creditors	394	460
Group companies	14,579	13,930
Taxes and social security contributions	39	40
Other debts and accrued liabilities	2,044	2,055
	<b>17,056</b>	<b>16,485</b>

## 9. Remuneration of board directors and supervisory directors

An amount of €696 (2017: €626) was charged to the company in 2018 on account of the remuneration of directors. The remuneration for supervisory directors for 2018 was €68 (2017: €54).

## 10. Commitments not shown in the balance sheet

In accordance with Section 403, Title 9, Book 2 of the Netherlands Civil Code, Simac Techniek NV has issued a declaration of joint and several liability for obligations arising from legal acts of Simac ICT Nederland bv and Simac Business Solutions bv. In a number of cases, the company has acted as a guarantor vis-à-vis the supplier by virtue of purchase obligations of operating companies or vis-à-vis the buyer by virtue of obligations to sell.

Furthermore, reference is also made to notes 16 and 17 of the explanatory notes to the consolidated financial statements. These notes explain the liability of Simac Techniek NV for the obligations arising from corporation tax, turnover tax and the current account facility at a credit institution.

Veldhoven, 15 March 2019

Supervisory board:

**H.P.M. Kivits**  
**N.I.M. Hermans**  
**Ms S.J.M. Roelofs**  
**W. van Winden**

Board of directors:

**E. van Schagen**  
**M.F.J.A. van Kasteren**

## Other information

### Audit opinion from the independent auditor

**To: the shareholders, the supervisory board and the board of directors of Simac Techniek NV.**

#### A. Auditor's report for the 2018 financial statements incorporated in the annual report

##### Our opinion

We have audited the 2018 financial statements of Simac Techniek N.V. in Veldhoven. The financial statements consist of the consolidated and separate financial statements.

In our opinion, the financial statements in this annual report provide a fair picture of the extent and composition of the assets of Simac Techniek NV as at 31 December 2018 and the result for 2018 in accordance with Title 9, Book 2 of the Netherlands Civil Code.

The financial statements consist of:

1. the consolidated and separate balance sheet as at 31 December 2018;
2. the consolidated and separate profit and loss account for 2018; and
3. the explanatory notes with an overview of the accounting principles and other explanations.

##### The basis of our opinion

We have performed the audit in compliance with Dutch law, which also includes the Dutch auditing standards. Our responsibilities pursuant to this are described in the section entitled 'Our responsibilities for the audit of the financial statements'.

We are independent of Simac Techniek N.V. as required in the Audit Firms (Supervision) Act, the Regulation regarding the Independence of Accountants in the case of Assurance Engagements and other independence rules applicable in the Netherlands and that are relevant to the instruction. We have also complied with the Code of Conduct and Professional Practice for Accountants Regulation (VGBA).

We are of the opinion that the audit information we have received is sufficient and suitable as a basis for our opinion.

#### B. Auditor's report for the other information included in the financial statements

In addition to the financial statements and the audit certificate that accompanies them, the annual report also contains other information, which consists of:

- the directors' report;
- the corporate governance report;
- the report from the supervisory board;
- other information.

Based on the activities set out below, we are of the opinion that the other information:

- is compatible with the financial statements and does not contain any material inaccuracies;
- contains all the information that is required pursuant to Title 9, Book 2 of the Netherlands Civil Code.

We have read the other information and, on the basis of our knowledge and understanding obtained from the audit of the financial statements or otherwise, have considered if the other information contains material inaccuracies.

By undertaking our activities, we have met the requirements set out in Title 9, Book 2 of the Netherlands Civil Code and the Dutch Standard 720. These activities do not have the same scope as our audit activities for the financial statements.

The board of directors is responsible for the preparation of the directors' report and other information in accordance with Title 9, Book 2 of the Netherlands Civil Code.

### **C. Description of responsibilities with regard to the financial statements**

#### ***Responsibilities of the board of directors and the supervisory board with regard to the financial statements***

The board of directors is responsible for the preparation and faithful representation of the financial statements in accordance with Title 9, Book 2 of the Netherlands Civil Code. Within this framework, the board of directors is responsible for achieving such internal management as deemed necessary by the board of directors, in order to enable the preparation of the financial statements without any material inaccuracies as a result of errors or fraud.

When preparing the financial statements, the board of directors has to consider if the company is able to continue its activities as a going concern. Pursuant to the aforementioned reporting system, the board of directors has to prepare the financial statements on the basis of the going-concern assumption, unless the board of directors intends to liquidate the company or to end its business operations or when termination is the only viable option. The board of directors has to explain facts and circumstances that could raise a reasonable doubt about whether the company can continue its business operations as a going concern in the financial statements.

The supervisory board is responsible for supervising the company's financial reporting process.

#### **Our responsibilities for the audit of the financial statements**

Our responsibility is to schedule and execute the audit instruction in such a way that it provides us with sufficient and suitable audit information for our opinion.

Our audit was carried out to a high yet not absolute degree of certainty, which means we may not discover all material errors and fraud during our audit.

Inconsistencies may arise as a result of fraud or errors and they are material if they cannot in all fairness be expected to individually or jointly affect the economic decisions made by users on the basis of the financial statements. The materiality affects the nature, timing and scope of our audit activities and the evaluation of the effect of acknowledged inaccuracies on our opinion.

We have conducted this audit in a professional and critical manner and have applied our professional opinion where relevant, in accordance with Dutch accounting principles, ethical regulations and independence requirements. Among other things, our audit served:

- to identify and assess the risk that the financial statements contain material inconsistencies as a result of errors or fraud, to determine and carry out audit activities in response to this risk assessment and to obtain audit information that is sufficient and suitable as a basis for our opinion. In the case of fraud, the risk that a material inconsistency is not discovered is greater than in the case of errors. A case of fraud may involve conspiracy, forgery of documents, intentionally failing to document transactions, the intentional misrepresentation of facts or the violation of the internal control system;
- to gain an insight into the internal control that is relevant to the audit, with the objective of selecting audit activities that are appropriate for the circumstances. These activities do not serve to express an opinion on the effectiveness of the company's internal control system;
- to evaluate the suitability of the audit principles used and to evaluate the fairness of estimates made by the board of directors and the corresponding explanatory notes in the financial statements;
- to establish that the going-concern assumption used by the board of directors is acceptable. We also establish, on the basis of the audit information obtained, if there are any facts and circumstances that could lead to a reasonable doubt about whether the company can continue its business operations as a going concern. When we conclude there is a material inconsistency, we are in our audit certificate obliged to draw attention to the relevant related explanatory notes to the financial statements. When the explanatory notes are incorrect, we have to adjust our certificate. Our conclusions are based on the audit information obtained until the date of our audit certificate. Future facts or circumstances may, however, result in the company no longer being able to maintain its going concern;
- to evaluate the performance, structure and contents of the financial statements and the explanatory notes included therein; and
- to assess if the financial statements offer a faithful picture of the underlying transactions and facts.



Given our final responsibility for the opinion, we are responsible for the management, supervision and execution of the group audit. Within this framework, we have determined the nature and scope of the activities to be carried out for the group units. The scope and/or the risk profile of the group units or the activities are determining factors in that respect. On that basis, we have selected the group units for which an audit or assessment of all financial information or specific items was required.

We communicate with the supervisory board about, among other things, the scheduled scope and timing of the audit and about significant findings as a result of our audit, including any significant shortcomings in the internal control system.

Breda, 15 March 2019

BDO Audit & Assurance B.V.  
on its behalf,

**signed W.A.H. Maassen RA**

## Statutory regulation regarding profit appropriation

With regard to the profit appropriations, the articles of association stipulate the following:

Article 38, paragraphs 1, 2, 3 and 4

- From the profit, which is apparent from the financial statements adopted by the supervisory board and the general meeting of shareholders, a percentage on preference shares B will be paid out first, which percentage is to be determined by the general meeting of shareholders and which will be more than or equal to zero of the actual amount paid up on those shares (i.e. including the share premium paid up on these) at the start of the financial year for which the payment will be made or on the day on which the cumulative preference shares were subscribed.
- From the profit remaining after application of the above provisions, a percentage will be paid on preference shares A, which percentage is to be determined by the general meeting of shareholders and which will be more than or equal to zero of the amount paid on those shares at the start of the financial year for which the payment will be made or, if the preference shares were subscribed in the course of that financial year, on the day on which the preference shares were subscribed.
- From the remaining profit thereafter, no further distribution can be made on the preference shares.
- The portion of profit remaining after the application of article 37, paragraph 4, and after the application of paragraph 1 of this article, will be made available to the general meeting of shareholders.
- The general meeting of shareholders is authorized to fully or partially decide against distributing the aforesaid part of the profit.
- Profit distributions are only made insofar as the company's equity is higher than the issued part of the capital, plus the reserves that must be maintained by law.

## Extraordinary statutory rights

### Priority Shares

The 500 priority shares are held by Mr. E. van Schagen, director of Simac Techniek NV.

Prior approval of the priority shareholders is required for the following:

- Issue of shares.
- Reduction of the issued capital.
- Transfer of preference shares.
- Distributions charged to other reserves and share premium reserves.
- Distributions in the form of shares.
- Interim distributions on shares.
- Amendments to the articles of association.
- Dissolution of the company.

In addition, in consultation with the supervisory board, they decide on the number of members of the board of directors and can convene an extraordinary general meeting of shareholders.