



# Annual Report 2019

# Companies

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This annual report of Simac Techniek NV for the year ended 31 December 2019 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.

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# General

## Notice from the board of directors

Like previous years, 2019 proved to be a successful year for Simac. Turnover rose by 6%, from € 259 million to € 276 million. This rise was for the most part autonomous. The operating result reached € 11.2 million. Although lower than in 2018, we are satisfied with the result. Much has been invested in new technology in the past year, including cloud services, two service centers for performance management and security and various software solutions. Continuous investments in technology and organizational innovation are made in the Smart Solutions business segment as well. All these developments are immediately charged to costs, but are expected to generate additional income for Simac in the long term. Net profits for 2019 reached € 7.0 million. The cash position has been further strengthened.

In the Netherlands, it was decided to merge the various IT companies into Simac IT NL, in order to take steps in the field of standardized services and the optimal deployment of our knowledge. The specialized competences are organized in knowledge clusters and brought to our customers via five market segments. hmb, acquired in 2019, was included in Simac IT NL as a high-quality knowledge cluster as well.

The IT companies in Belgium, Luxembourg, the Czech Republic and France continued their good results. At Simac, investments in innovation are not centralized. Interesting and important developments are taking place, especially also outside the Netherlands, close to the customer and the market. In the next few years, we will devote more attention to the mutual commercialization of these available competencies, but we continue to find it important that innovation remains in the capillaries of our organization.

Most of the other companies concluded 2019 with a profit. They also form the foundation for Simac's stability. Simac Masic experienced interesting growth by securing valuable orders from international customers. Simac Document Solutions achieved strong growth, thanks in part to taking over an external contract portfolio. Simac Triangle made considerable investments in software for the registration and supervision of customers within the social domain for municipalities and care organizations. Simac Electronics reinforced its excellent position as a supplier of optical fiber solutions and, apart from providing high-quality consultancy services to external customers, Aranea also made an important contribution to a number of IT innovations of Simac.

The pursuit of 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 working together internally and externally ("Teamnology") are important competences. The shortage on the labor market means the workload was high again in 2019. Increasing the number of employees while maintaining quality remains a challenge.

The general outlook for 2020 has become more uncertain due to recent global events and geopolitical developments. Despite this, Simac expects another stable and profitable year in 2020. The level of return is currently difficult to estimate and investing in innovation and knowledge remains of great importance. Given our solid basis with long-term contracts, our corporate culture that focuses on integrity and loyalty and an excellent financial position, we are confident about the long-term future and the successful completion of the year ahead of us.

We would like to take this opportunity to thank our customers for their trust in Simac, the assignments and the positive cooperation in 2019. We would like to thank the supervisory board and the works council for their useful contribution to shaping a dynamic, successful company where people in the organization are the main asset. Finally, we would like to thank all members of staff for their tremendous efforts, customer focus and loyalty. They are and remain the basis of our success.

On behalf of the board of directors,

Eric van Schagen  
CEO

Veldhoven, 16 March 2020

# 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 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:

- 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 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

**MR. 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 make a difference by converting technology into customer value, offering solutions for social issues and promoting the well-being of our employees. Simac wants to be professional, honest, reliable, flexible and result-oriented towards its customers, employees and all other stakeholders. Simac attaches great importance to corporate social responsibility and sustainability.

### Vision

1. Simac puts continuity first and wants to make a positive contribution to the position of customers, the well-being of its employees and the environment and society.
2. In accordance with the wishes of the (family) shareholder, profits generated by Simac are largely spent on strengthening continuity, expanding knowledge and promoting innovation, as well as linking entrepreneurship to social objectives.
3. Simac's strategic policy does not primarily consist of setting objectives, but acting on the basis of a number of basic principles ('the pillars') that support continuity and corporate social responsibility. This allows for action points with associated objectives.
4. Simac does not want to sell the company and its majority shareholdings to third parties. However, if the continuity or development of certain (sub-)operations are better served by another shareholder, the sale of the relevant operation may be an option. In that case, a healthy future for all those concerned is more important than maximum yield.
5. Market demand for high technology will remain high in the near future and will be less dependent on economic developments. Our challenge is to continue to be at the foreground of technological developments. A healthy return that is largely invested in knowledge and innovation is essential for this.
6. Innovation must be achieved in collaboration with customers, thereby ensuring continuous feedback on whether the efforts are relevant.
7. Long-term thinking is not an excuse for insufficient returns, but a way of working. Investing in people, customers and society must be driven by a long-term focus. Achieving successes and positive results motivate in more than one way.

## The pillars

Simac primarily aims for continuity. Continuity is achieved by acting on the following six pillars:

1. Financially solid basis  
The balance sheet is strong (sufficient equity and liquidity). Positive returns are achieved each year and the cash position offers enough scope for investments and compensating temporary setbacks.
2. Spread of operations  
Simac operates in various products and markets and is organized into smaller units (operating companies or divisions), each of which is individually responsible for its financial result.
3. Long-term contracts  
A considerable part of the 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 is part of 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. We believe corporate social responsibility is a matter-of-course. With the achievement of the ISO50001 certificate in 2019, a new step was taken to embed CSR in the organization.

Corporate social responsibility is given serious attention on the company's agenda. To make this tangible and verifiable, the ISO14001 certificate was obtained as early as 2017. This ISO certification focuses on environmental management. With this, we demonstrate that we are in control of the environmental risks. The next step was in the field of energy management. By obtaining certification in this area, we produce demonstrable evidence that we are able to continuously improve energy performance.

The standard focuses on gaining insight into energy consumption and reducing it. We are proud of obtaining the ISO50001 standard in 2019. This achievement can be attributed to some major investments, such as installing solar panels and a relatively high number of minor interventions, such as replacing lighting and optimizing the routes of engineers.

The involvement in the environment in which we work is partly reflected in the sponsorship of various associations, organizations and events. In 2019, this involved a list of 98 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 6.8%, from € 258.6 million to € 276.3 million
- Operating result falls from € 13.1 million to € 11.2 million Exclusive of goodwill amortization, the operating result falls from € 14.3 million to € 12.9 million
- Result after taxes falls from € 10.9 million to € 7.0 million
- Cash position rises to € 20.2 million (2018: € 13.6 million)
- Solvency based on group equity at year-end 2019 42.6% (2018: 41.2%)

### Scope of consolidation

During the financial year, the scope of consolidation was expanded to include hmb holding bv and Simac Obec bv. All outstanding shares of hmb were acquired on 2 September 2019. Simac already owned 50% of the shares of Simac Obec bv and the remaining 50% was acquired on 8 April 2019. Simac Obec bv was legally merged with Simac Triangle bv immediately thereafter.

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 € 0.8 million. The impact on total assets at the end of the financial year is € 1.8 million and on debts € 0.4 million.

### Results

The results can be summarized as follows:

<b>Condensed consolidated profit and loss account</b>	<b>2019</b>	<b>2018</b>
<b>Net turnover</b>	<b>276,314</b>	<b>258,619</b>
Changes in work in progress	-42	-6,547
Subcontracted work and other external costs	-150,845	-132,486
<b>Gross profit</b>	<b>125,427</b>	<b>119,586</b>
Other operating income	82	122
Personnel expenses	-80,405	-74,526
Other operating expenses	-30,415	-29,327
<b>Operating result before depreciation (EBITDA)</b>	<b>14,689</b>	<b>15,855</b>
Depreciation and impairment losses	-3,530	-2,767
<b>Operating result</b>	<b>11,159</b>	<b>13,088</b>
Financial income and expenses	-1,269	1,109
<b>Group result before taxes</b>	<b>9,890</b>	<b>14,197</b>
Taxes result from ordinary business operations	-2,146	-2,733
Third-party interest	-697	-581
<b>Result after taxes</b>	<b>7,047</b>	<b>10,883</b>

Amounts in thousands of Euros

### Net turnover

Net turnover rises by 6.8%, from € 258.6 million to € 276.3 million. This increase occurred in all three sales categories. The largest percentage rise can be seen in other services. Here, turnover rises by 34.6%, from € 31.9 million to € 43.0 million.

Long-term contract turnover rises by 3.9%, from € 86.9 million to € 90.3 million. Project turnover rises by 2.3%, from € 139.8 million to € 143.0 million in 2019.

<b>Net turnover per category</b>	<b>2019</b>	<b>2018</b>
Sale and installation of goods (w.o. projects)	142,999	139,753
Service and management contracts	90,344	86,947
Other services	42,971	31,919
	<b>276,314</b>	<b>258,619</b>

Two of the three operating business segments show growth in sales as well. The net turnover at Information Technology Netherlands rises from € 117.3 million to € 137.1 million, an increase of 16.9%. The turnover at Information Technology abroad, on the other hand, falls by 6.9%, from € 108.1 million to € 100.7 million. This fall can be attributed to a large one-off project that was completed in 2018. The turnover at Smart Solutions rises by 15.1%, from € 33.8 million to € 38.9 million.

<b>Net turnover per business segment</b>	<b>2019</b>	<b>2018</b>
Information Technology Netherlands	137,194	117,330
Information Technology abroad	100,680	108,113
Smart Solutions	38,894	33,781
Holding and eliminations	-454	-605
	<b>276,314</b>	<b>258,619</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 € 125.4 million (2018: € 119.6 million). The gross profit percentage compared to turnover falls from 46.2% to 45.4%. 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 7.9%, from € 74.5 million to € 80.4 million. As a percentage of turnover, personnel costs rise from 28.8% to 29.1%.

A sum of € 65.2 million (2018: € 60.8 million) is accounted for by wages and salaries. A sum of € 15.2 million (2018: € 13.8 million) is accounted for by social security and pension contributions. Social security and pension contributions as a percentage of wages and salaries amount to 23.2% (2018: 22.7%).

The increase in personnel expenses is partly due to the expansion of the workforce. The average number of employees (FTE) increases by 77, from 986 in 2018 to 1,063 in 2019. The average number of employees in the Netherlands at the end of the financial year is 1,123 (2018: 1,003). Periodic and incidental wage rises have also been processed. The effect of the consolidation of hmb and Obec on personnel expenses is € 0.6 million.

The number of temporary staff during the financial year was 224 (2018: 188).

### **Other operating expenses**

Other operating expenses rise from € 29.3 million to € 30.4 million. This rise mainly occurs under other personnel expenses and car costs.

The effect of the consolidation of hmb and Obec on other operating expenses is € 0.1 million.

### **Depreciation and impairment losses**

Depreciation and amortization rise from € 2.7 million in 2018 to € 3.5 million in 2019. Intangible fixed assets were amortized by € 1.7 million (2018: € 1.2 million) and tangible fixed assets were depreciated by € 1.8 million (2018: € 1.5 million). Amortization of intangible fixed assets mostly relates to goodwill on acquired subsidiaries and operations that have been taken over.

### **Financial income and expenses**

Financial income and expenses consist of € 0.1 million (2018: € 1.6 million) of the share in the result of non-consolidated participating interests and € 0.1 million (2018: €0,1 million) of the balance of interest payable and receivable. In the financial year, long-term receivables were depreciated by € 1.6 million (2018: € 0.6 million). This depreciation relates to the financing of non-consolidated participating interests.

The result from participating interests for the preceding financial year was impacted 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 rise from 19.3% to 21.7%.

A sum of € 1.3 million (2018: € 1.7 million) out of the € 2.1 million tax burden (2018: € 2.7 million) relates to the realization of deferred tax assets. On the other hand, € 0.7 million of losses were capitalized that had not been valued previously.

Amounts in thousands of Euros

The current income tax for the financial year amounts to € 1.5 million (2018: € 2.1 million). A total of € 0.4 million (2018: € 0.2 million) of this is accounted for by Dutch corporation tax and € 1.1 million by foreign tax jurisdictions (2018: € 1.9 million).

Excluding the effect of losses not valued previously, the effective tax burden amounts to 29.0% (2018: 26.7%).

## Financial position

The condensed consolidated balance sheet is as follows:

<b>Condensed consolidated balance sheet</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Intangible fixed assets	5,353	5,559	-206
Tangible fixed assets	6,611	6,118	493
Financial fixed assets	9,823	10,853	-1,030
Deferred tax assets	426	984	-558
<b>Fixed assets</b>	<b>22,213</b>	<b>23,514</b>	<b>-1,301</b>
Inventories	2,898	2,594	304
Receivables	79,939	78,936	1,003
Investments	219	212	7
Liquid assets	20,208	14,098	6,110
<b>Current assets</b>	<b>103,264</b>	<b>95,840</b>	<b>7,424</b>
<b>Total assets</b>	<b>125,477</b>	<b>119,354</b>	<b>6,123</b>
Group equity	53,395	49,189	4,206
Provisions	3,515	2,114	1,401
Long-term liabilities	112	164	-52
Short-term liabilities	68,455	67,887	568
<b>Total commitments</b>	<b>72,082</b>	<b>70,165</b>	<b>1,917</b>
<b>Total liabilities</b>	<b>125,477</b>	<b>119,354</b>	<b>6,123</b>

Total assets rise by € 6.1 million, from € 119.4 million to € 125.5 million. This increase in liquid assets is a net increase. They rise from € 6.1 million to € 20.2 million

In liabilities, group equity rises by € 4.2 million and total commitments by € 1.9 million.

Amounts in thousands of Euros

The financing analysis below shows that Simac's financial position further improved in 2019. The surplus of available long-term finance compared to fixed assets rises to € 34.8 million (2018: € 28.0 million). The investment in working capital rises from € 14.4 million to € 14.6 million. The cash position (balance of liquid assets and credit institutions) at the end of the financial year is € 20.2 million (2018: € 13.6 million).

<b>Financing analysis</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Available long-term financing	57,021	51,467	5,554
Less: fixed assets	-22,213	-23,514	1,301
<b>Financing surplus</b>	<b>34,808</b>	<b>27,953</b>	<b>6,855</b>
<hr/>			
Working capital	14,600	14,397	203
Cash position (liquid assets and credit institutions)	20,208	13,556	6,652
Use of the financing surplus	<b>34,808</b>	<b>27,953</b>	<b>6,855</b>

The fixed assets at year-end 2019 amount to € 22.2 million (2018: € 23.5 million). Intangible fixed assets fall by €0.2 million, from € 5.6 million to € 5.3 million. A sum of € 1.5 million in goodwill was capitalized on account of the interests acquired in Simac Obec bv, hmb holding bv and the contract portfolio of Document Solutions. Depreciation during the financial year amounts to € 1.7 million.

Net investments in tangible fixed assets amount to €2.6 million (2018: € 2.6 million), whereas total depreciation and impairment losses are € 1.8 million (2018: € 1.5 million). Due to the new Simac Obec bv and hmb holding bv consolidations, tangible fixed assets increase by € 0.1 million. Other changes amount to € -0.4 million. The carrying amount of tangible fixed assets shows a net increase of € 0.5 million, from € 6.1 million to € 6.6 million.

Financial fixed assets fall by € 1.0 million, from € 10.8 million to € 9.8 million. The carrying amount of non-consolidated participating interests rises from € 1.4 million to € 1.5 million. This can be attributed to the value development at aQuestora bv. Financing of participating interests increases by € 0.3 million, from € 0.9 million to € 1.2 million.

On 31 May 2019, a 50% interest was acquired in Centrale 24 Techniek bv. In consideration thereof, Simac undertook to provide a subordinated loan of € 1 million. This financing obligation has been included under provisions at the end of the financial year.

Receivables from shareholders fall by € 1.5 million, from € 7.7 million to € 6.2 million. During the financial year, € 1.0 million was drawn down in financing and € 2.5 million repaid.

Amounts in thousands of Euros

Deferred tax assets fall by € 1.3 million (2018: € 1.7 million) through the realization of offsettable losses based on taxable profit in the Netherlands. At the end of the financial year, the board of directors evaluated the valuation of offsettable losses. Consequently, € 0.7 million of losses were capitalized that had not been valued previously. At year-end 2019, the balance of deferred tax assets amounts to € 0.4 million (2018: € 1.0 million). The total available losses amount to € 2.5 million, of which € 1.4 million is valued.

Current assets rise by € 7.4 million, from € 95.9 million to € 103.3 million. The biggest rise can be seen in liquid assets; they rise by € 6.1 million, from € 14.1 million to € 20.2 million. Receivables rise by € 1 million, from € 78.9 million to € 79.9 million. This increase concerns other receivables, including prepayments and rises from € 14.9 million to € 17.8 million. Trade receivables, on the other hand, fall from € 64.0 million to € 62.1 million.

At the end of the financial year, the carrying amount of inventories amounts to € 2.9 million (year-end 2018: € 2.6 million). The gross value amounts to € 4.6 million (2018: € 3.7 million) for which a provision has been recorded of € 1.7 million (2018: € 1.1 million).

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

Group equity rises by € 4.2 million, from € 49.2 million to € 53.4 million. The 2019 group result after tax amounts to € 7.7 million and dividends paid to € 3.6 million. At the end of the financial year, equity amounts to € 50.7 million (year-end 2018: € 46.9 million) and the third-party interest to € 2.7 million (2018: € 2.3 million). The third-party interest relates to minority interests held by local management in the group companies Simac Technik AS and Wavetel SAS.

Provisions at the end of the financial year amount to € 3.5 million (2018: € 2.1 million). As at the balance sheet date, € 1.4 million of provisions relate to employee benefits, € 1.0 million to financing obligations, € 0.7 to reorganization and € 0.4 million to other provisions.

Short-term liabilities rise by € 0.6 million, from € 67.9 million to € 68.5 million. Trade creditors and other payables, accruals and deferred income rise by € 0.7 million and € 1.1 million respectively. Credit institutions plus taxes and social security contributions on the other hand fall by € 0.5 million and € 0.7 million respectively.

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

<b>Summary of cash flows</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Cash flow from operating activities	12,961	7,172	5,788
Cash flow from investing activities	-3,036	-5,625	2,590
Cash flow from financing activities	-4,116	-2,046	-2,070
<b>Change in cash</b>	<b>5,809</b>	<b>-499</b>	<b>6,308</b>

Amounts in thousands of Euros

Despite the fall in operating result from € 13.1 million to € 11.2 million, the cash flow from operating activities rises by € 5.8 million, from € 7.2 million to € 13.0 million. This can mainly be attributed to the positive change in working capital of € 0.8 million in 2019 compared to € 6.6 million negative in 2018.

The cash flow from investing activities for 2019 amounts to € -3.0 million (2018: € -5.6 million). The cash effect of capital interests acquired in Simac Obec bv, hmb holding bv and the contract portfolio of Document Solutions amounts to € -2.0 million. Investments in tangible fixed assets amount to € 3.0 million (2018: € 3.0 million). The balance of disinvestments and new consolidations amounts to € -0.7 million. The balance of issued loans and funds lent, minus repayments from outstanding loans is € 1.2 million (2018: € -0.3 million).

The dividend of € 3.6 million paid in the financial year (2018: € 2.5 million) is included in the cash flow from financing activities. A sum of € 3.3 million of the dividend paid in 2019 benefited the shareholders of Simac. The remainder of € 0.3 million relates to minority shareholders of Simac Technik AS. The € 0.5 million bank loan in the Czech Republic was repaid during the financial year.  
Amounts in thousands of Euros

### Long-term overview

The numbers in the long-term overview were derived from current or previous financial statements and were drawn up in accordance with the provisions of Title 9, Book 2 of the Netherlands Civil Code.

<b>Results</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Net turnover</b>	<b>276,314</b>	<b>258,619</b>	<b>223,151</b>	<b>202,515</b>	<b>185,292</b>
Sale and installation of goods	142,999	139,753	119,621	110,943	107,168
Service and management contracts	90,344	86,947	81,000	72,362	58,360
Other services	42,971	31,919	22,530	19,210	19,764
<b>Gross profit</b>	<b>125,426</b>	<b>119,586</b>	<b>104,321</b>	<b>92,695</b>	<b>90,327</b>
In % of turnover	45.4%	46.2%	46.7%	45.6%	48.7%
<b>Operating result</b>	<b>11,159</b>	<b>13,088</b>	<b>10,336</b>	<b>6,144</b>	<b>1,738</b>
In % of turnover	4.0%	5.1%	4.6%	3.0%	0.9%
<b>Result after taxes</b>	<b>7,047</b>	<b>10,883</b>	<b>7,767</b>	<b>10,017</b>	<b>1,005</b>
In % of turnover	2.6%	4.2%	3.5%	4.9%	0.5%
<b>Average number of employees (FTE)</b>	<b>1,063</b>	<b>986</b>	<b>937</b>	<b>890</b>	<b>947</b>

Amounts in thousands of Euros

<b>Results per employee</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net turnover	260	262	238	228	196
Gross profit	118	121	111	104	95
Wages and salaries	61	62	55	57	53
Operating result	10	13	11	7	2

<b>Financial position</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Fixed assets	22,213	23,514	20,843	20,453	17,001
Current assets	103,264	95,840	78,749	66,777	69,192
<b>Total assets</b>	<b>125,477</b>	<b>119,354</b>	<b>99,592</b>	<b>87,230</b>	<b>86,193</b>
Group equity	53,395	49,189	39,829	33,772	23,688
Provisions	3,515	2,114	1,604	1,599	3,179
Long-term liabilities	112	164	-	23	74
Short-term liabilities	68,455	67,887	58,159	51,836	59,252
<b>Total liabilities</b>	<b>125,477</b>	<b>119,354</b>	<b>99,592</b>	<b>87,230</b>	<b>86,193</b>
Current assets -/- short-term liabilities	34,808	27,953	20,590	14,941	9,940
Cash position	20,808	13,556	13,493	5,562	-3,238
Cash flow from operating activities	12,960	7,172	12,418	7,542	1,071
Cash flow from investing activities	-3,035	-5,625	-2,352	1,563	-2,454
Dividends paid	-3,572	-2,549	-2,172	-806	-303
Group equity in % of total assets	42.6%	41.2%	40.0%	38.7%	27.5%

## 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 affairs from 2019, per unit.

### Information Technology Netherlands

#### Simac IT NL

As regards Simac IT NL, 2019 was partly dominated by the completion of the merger of four different ICT companies. The merger was officially ratified on 1 January of this year. The four different entities, Simac ICT Nederland, Simac Business Solutions, Simac Phobos and Simac B.sis, were already managed by one management in the two years prior to the merger. The positive responses from the market to the new organization confirmed that the right path had been chosen to continue to add value in a rapidly changing IT world. That is why the new company Simac IT NL bv became official on 1 January 2020.

The growth that had already started continued in 2019. Simac IT NL specializes more towards the markets, applying a vertical approach. The focus has shifted to five different segments. Retail has been a very important one for years, with healthy growth achieved in 2019, as in previous years. In addition, Healthcare and Industry in particular have managed to add a number of new high-profile customers. Thanks to the market-oriented approach, a strong link-up has been created here with customers' business issues.

Growth is also projected for 2020. The demand for IT continues to increase, while IT continues to develop. This requires Simac IT NL to keep moving along, for example, in the field of security and public cloud. As a result, the group of Simac employees has grown in 2019. This group will also grow in 2020, with more and more young talents joining. This allows us to continue to support our customers in new opportunities and challenges in a changing IT landscape.

#### Aranea

Aranea has been a part of Simac since 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. 2019 was a good 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.

More so than in 2018, Aranea was able to join forces with sister company Simac IT NL by playing a strategic role on large accounts. A large-scale joint study was also carried out into a Digital Strategy for collaborating healthcare institutions in the Brainport region. The results of this study are currently received with great enthusiasm far beyond the region.

Aranea and its team continued to build on the strength of the organization and succeeded in certifying themselves as a Great Place to Work in 2019 with an even higher score than the year before.

## Information Technology abroad

Information Technology abroad comprises autonomous operating companies in Belgium, France, Luxembourg and the Czech Republic. This is complemented by a small service company in Germany.

### Simac ICT Belgium

Simac ICT Belgium continues to follow the positive trend. Loyal customers extended their relationship, the various divisions refined and expanded their product range and emerging technologies are playing an increasingly important role in our market approach. The Integration department had an excellent fourth quarter as regards order intake. It secured a number of deals on storage, networks and services. Among these contracts was the largest order from the past fifteen years, a network and security project at one of the largest healthcare institutions in Belgium. We have delivered interesting projects in the field of innovation. This particularly concerns the Internet of Things and Blockchain.

The Business Management Solutions division again focused on large international telecommunication companies and large financial services companies. New long-term contracts were concluded with new customers in this niche segment. 2019 was also the year in which we integrated Wavetel (from France) and Simac. This integration went well and resulted in new customers for Simac.

Professional Services seconded an average of 80 to 90 consultants to international customers last year. 2019 was also a very productive year in terms of higher income for a number of customers.

Cabling & Infrastructure was able to extend a number of framework agreements. One of these agreements was renewed for no fewer than 10 years. This division also closed deals with new customers. New data center services developed in 2019 will be delivered in 2020. The common thread through all these successes is the long and fruitful relationship we have with our customers and business partners.

### Simac PSF

In 2019, as in previous years, Simac PSF lived up to its reputation in Luxembourg as a reliable and profitable company in the IT market. A significant contract has been won from a major European institution. Over the next five years, Simac PSF will provide cabling services in three different countries. Simac PSF's core activity remains IT integration. A variety of customers are served by providing services in the fields of networking, systems and storage, IT security and unified communications. Investments in people will be made in 2020 in order to continue to provide customers with a high-quality service and to sell new solutions and services.

### Simac Professional

Simac Professional continues to grow on the Luxembourg market with regard to traditional ICT infrastructure activities. After years of delivery in Belgium and Luxembourg, field services for a large storage partner have also been provided in the Netherlands in collaboration with other Simac companies. Important contracts were renewed in 2019. Simac Professional is particularly proud of the collaboration with one of the world's leading steel and mining companies.

In addition, a number of insurance companies and financial enterprises have become new customers. Simac Professional offers these companies advice in the field of infrastructure management. The French office continues to strengthen its focus on the French market, mainly in the areas of security and advice as regards GDPR and data management.

### **Simac ICT Czech Republic**

Simac ICT Czech Republic has had a positive year. Customers from different industries were served with a wide range of ICT solutions. For example, more than 1,000 Aruba access points were delivered to a Czech bank. They also received assistance for their digital transformation and security. An upgrade of the backbone and distribution data network was implemented at a car manufacturer. The same customer was supported in its digital transformation across the axis of network automation, security, simplicity and intelligence. The Center of Computer Incident Response Capability (CIRC) of one of the ministries was equipped with new security technologies. A Commvault solution for backup and recovery has been implemented for the Czech Hydrometeorological Institute, while strengthening the network and storage infrastructure of their regional communication hub. Several Internet of Things and Smart City projects have been launched. One such example is a camera system for counting people and vehicles in a historic city center. And in a hospital in Prague, a pilot was conducted for indoor/outdoor navigation projects using MazeMap software and Cisco wireless infrastructure.

## **Smart Solutions**

### **Simac Document Solutions**

Simac Document Solutions proudly looks back on a successful 2019. The focus was mainly on further growth and ensuring the continuity of the company. With the takeover of a contract portfolio, the customer base has been expanded, thereby strengthening the foundation. In addition, a number of new high-profile customers have been brought in, including some new partnerships with ERP partners. Prospects (and customers) are able to find Simac Document Solutions online as well. Being visible and findable, sharing knowledge and acting quickly are very important aspects online. Simac Document Solutions colleagues are strong in personal and customized contact; whether it concerns a question via chat, an initial introduction, a support call or a workshop with a prospect. In 2020, Simac Document Solutions wants to continue the growth achieved in 2019. The team has been strengthened with four new colleagues, each of whom provides Simac Document Solutions with a large network, knowledge and refreshing inspiration.

### **Simac Triangle**

In the past year, Simac Triangle and Simac Obec merged into one Simac Triangle organization. The employees previously employed at Simac Obec have moved to a new building in Eindhoven. Simac Triangle is now active in developing, implementing and supporting software applications in three areas.

The Managed Print Services application software developed within Triangle is a SaaS solution for offering managed print service contracts via direct (and indirect) sales channels. This includes equipment financing, toner supplies, service maintenance and invoicing based on the use of the printers or multi-functionals.

2019 was a stable year and was mainly dominated by a geographical expansion in the United States in view of the signing of another new customer in that country.

The Central Station application software is deployed at Social Work & Welfare organizations and municipalities within the framework of, among other things, the Social Support Act (Wmo), Youth and Family and Debt Assistance. In 2019, the focus was mainly on improving customer satisfaction and the quality of the application software. The fact that this had been successful was evident from the high visiting numbers and positive assessment during the first customer day organized by Simac Triangle. During this gathering, a preview was given of the new release being developed within Simac Triangle.

The Simac Privacy Information Management System (PIMS) application software is a SaaS solution that has been brought to market to fully support organizations in complying with GDPR laws and regulations. PIMS supports in managing Data Breaches, Processing Register, Data Protection Impact Assessments (DPIAs), Risks, Measures, Requests, Consents, etc. People have worked hard to ensure this application is market-ready in only a very short time.

### **Simac Electronics**

Simac Electronics is a high-service engineering firm and supplier of mainly connectivity solutions and test and measurement equipment. They distinguish themselves on the market by providing the best expertise through people and products within their fields. Thanks to this expertise, Simac Electronics is the main supplier to the Ministry of Defense, the data center & telco market and the high-tech industry.

In 2019, the available knowledge meant that a large international American telecommunications provider opted for Simac Electronics. In that year, Simac Electronics came up with the best technical solution and it will deliver the materials in 2020.

In a highly competitive market, Simac Electronics nevertheless looks ahead full of confidence. Thanks to the recent takeover of a company in Belgium, slight growth is also expected in that country.

### **Simac Masic**

Simac Masic started 2019 with a new name (formerly Simac Masic & TSS) and a management change. The growth in turnover realized in 2018 continued in 2019. A relatively modest positive result was achieved, which can be attributed to a delay in development projects. Technology Leadership in the niche market for automatic inspection machines for medicine packaging was confirmed in 2019 by, among other things, an order from a leading Japanese customer. Growth was slowed due to insufficient (technical) personnel being available. Manufacturing results were lower than expected, but still account for a substantial part of the company. The Distribution unit again achieved a strong result and this is seen as a stable activity. In 2019, the international service team made a clear contribution to growth by expanding its operations, some of which contractual. Substantial growth is expected to continue for 2020, with a greater emphasis on profitability. The workforce will be expanded further as well. Investments in in-house developments, processes and automation will further contribute to the strengthening of business operations.

### **Simac QuadCore**

As in previous years, Simac QuadCore has been providing its services to industrial customers at home and abroad. Like the year before, 2019 proved to be a positive year. Our main acquisitions were new colleagues and customers *and* the execution of challenging projects at existing and new customers. One such example concerns the engineering and realization of an extensive production line (with a length of approximately eighty meters) for a supplier of solar panels. A universal software library was built for a large drinking water company, which will be implemented in more than 250 geographically dispersed locations to provide clean and safe drinking water to more than 5.5 million people. At one of the most advanced car manufacturers in Europe, Simac QuadCore contributed to various expansions for new and existing models in the car range.

Simac QuadCore is working on innovative projects for a waste-to-product company, to extract value from waste instead of burning or dumping it. Automation is also becoming increasingly important in these companies in connection with the safety of people and the environment. Simac QuadCore continuously helps to keep safe the factory of a large international company that is primarily known for its sweets. And the last example concerns providing support in building roller coasters for various well-known theme parks in the Netherlands and abroad.

### **Simac IDS**

Simac IDS identification solutions were previously developed within Simac QuadCore. As of 1 January 2019, these operations have been particularized in an independent company. A strategic choice to position and support the Presto and Pronto solutions in the Education, Leisure and Healthcare markets, with even more focus. Simac IDS Ltd, the UK branch, was founded in 2018 to serve the UK market, which has been designated as a key market. Simac IDS offers solutions based on personal identification for large-scale processes that require great reliability.

In 2019, Simac IDS recorded further growth, based on innovative projects at new and existing customers. At an art academy, for example, access to the expensive study rooms was extended with attendance registration. An innovative investor in highly secured data centers provided a large site with Simac IDS access control. In the leisure market, Simac IDS provided an entirely renovated French holiday park, a customer since 2006, with an upgrade of its access electronics, which also enabled the new arrival process to be implemented. In Germany, a new, large leisure park was equipped with Simac's Pronto access. Birmingham City University was the third UK university in which the Simac Presto engagement monitoring solution was rolled out.

The objective for 2020 is to scale up further in the target markets and broaden the product suite for the education market.

### **Simac Learning Solutions**

As regards Simac Learning Solutions, 2019 was dominated by strengthening the process chain of designing, developing and publishing e-learning. This was achieved by supplementing the existing online learning environment LearningBOX with an authoring tool. This authoring tool allows schools, industry associations and the business community to easily develop training materials independently. The training material subsequently provides for easy digital access via LearningBOX and can also be used directly for printing or printing on paper. As such, Simac Learning Solutions creates a second advantage in strengthening the process chain, namely multichannel publishing.

Thanks to this reinforcement, Simac Learning Solutions takes on a more central role in the design and development of e-learning, thereby strengthening the relationship with the client. Finally, Simac Learning Solutions has also made augmented reality available as an innovation in order to make e-learning even more interactive and innovative. Simac Learning Solutions wants to continue to develop its e-learning and publication solutions and, as a result, lead the market in e-learning.

## Personnel and organization

On 31 December 2019, the number of fulltime employees at Simac amounted to 1,123 (year-end 2018: 1003). During the year under review, an average of 1063 employees was employed on a fulltime basis, compared to 986 in 2018. The average number of employees in the Netherlands is 788 (2018: 718) and 275 abroad (2018: 267). During the financial year, an average of 224 (2018: 188) FTE were hired.

The average sickness absence level in the Netherlands, exclusive of maternity leave, is 3.7% (2018: 3.6%).

### Social working environment

Employees being the most important asset in the company is a common statement. Simac underlines this. The genuine attention paid to people within Simac originates from the DNA of the family business. Simac offers a social working environment, with an eye for the employee's personal development, but also for his private situation. Both are taken into account, where possible.

### Investing in knowledge

Continuing to develop yourself is inherent to the business in which Simac operates. The market is developing at a rapid pace, which requires continuous investment in knowledge. In addition, the major partners with whom Simac collaborates require that technical professionals continue to complete training courses in order to remain certified. In order to give all other employees the opportunity to continue to develop as well, everyone at Simac has a subscription to GoodHabitz. This is a platform where employees can attend unlimited (short) online training courses. This varies from languages and digital skills to personal skills and soft skills.

### Sustainable employability

In 2019, in order to monitor the vitality of employees now and in the future, Simac commissioned a periodic medical examination (PME). Almost half of all employees in the Netherlands had themselves tested. Based on the results, it is examined what can be done to increase sustainable employability.

### New employees

Recruiting new employees remains one of the key objectives for the new year. It is an ongoing process. Close contacts are maintained with schools and universities, among other things. For example, as part of a joined effort, a program has been drawn up in which students doing a university of applied sciences degree program work four days, combined with one day at school. This helps to create new recruits joining the company.

## Works council

As in previous years, 2019 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

Although the economic outlook is less positive with current developments causing additional uncertainty, Simac is now looking forward to 2020 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. Provided market conditions do not deteriorate, Simac will continue to recruit new staff in 2020.

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 make 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 a positive 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.

In the field of operational investments, Simac takes into account the implementation of a new ERP system for Simac IT NL and the start of the construction of a company building in Belgium. Simac further expects continued investments in the healthcare market and the social domain. Part of the available cash resources will be used for self-financing the leased fleet.

In 2020, as in previous years, Simac expects to end the year with a positive operating result and net result, but refrains from making detailed statements about the expected return. Given Simac's financial position, investments and any acquisitions will be primarily financed from own resources.

The developments of the coronavirus are of a very recent nature. These appear to be of major significance for economic growth in 2020. However, at this moment in time, it is too early to make a reliable statement about the consequences for Simac's return. As far as the actual course of events is concerned, Simac follows the advice of RIVM and the Dutch government, as much as reasonably possible. The current state of affairs means that the organization is in a strong position and flexible enough to continue to fulfill its obligations towards its customers.

Veldhoven, 16 March 2020

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.

In accordance with the statutory provisions in Book 2 of the Netherlands Civil Code, the full two-tier board structure applies to Simac Techniek NV. The Dutch Corporate Governance Code does not apply.

### Outlines of corporate governance structure

Simac Techniek NV has 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 (a CEO and a CFO) 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 or the ensuing negotiations between the EU and the UK are currently not significant for Simac. Partly with a view to maintaining access to the market in the United Kingdom, Simac IDS Ltd. was established in Manchester in 2018. This allows for developing a local organization to continue to serve customers.

Furthermore, reference is also made to note 17 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 manual
- 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 quarterly, resulting in an adjusted forecast for the current financial year. The working capital statements are prepared on a weekly basis and contain information on accounts receivable, accounts payable, inventories and liquid assets.

The biweekly foreign exchange positions focus on the foreign currencies that are most important to Simac, namely USD, CHF, GBP 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 2019 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 81 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 78 of this report.

During the year under review, the supervisory board met six times. These meetings were held in the presence of the board of directors, as well as with the board of Simal Beheer bv. One of the meetings concerned a strategic brainstorming session. The resulting strategic vision will be a recurring agenda item.

Significant topics discussed during the year include:

- Monthly financial reports with insight into the development of results and financial position per operating company and consolidated.
- The adjusted forecast results on the basis of developments during the financial year, per quarter.
- Discussion of the audit report on the audit for the 2018 financial year.
- The budget, both consolidated and per operating company, for 2020.
- Developments per operating company are in some cases monitored closer as directors present their operating companies and are asked questions during the meetings.
- Intended legal merger of ICT companies in the Netherlands at the end of December 2019.
- Developments in non-consolidated participating interests. Attention was paid to, among other things, the investment in and financing of Simac Obec bv and the investment in Centrale 24 Techniek bv.
- Intended participations and other investment initiatives. This includes the takeover of all outstanding shares in hmb holding bv, as well as the takeover of an additional contract portfolio from Document Solutions.
- Developments and points of consideration in the personnel policy, including future prospects and follow-up in management.
- Developments in the internal IT policy.
- Developments in the field of corporate social responsibility and environmental policy.

During 2019, the supervisory board held several constructive meetings with the works council. Mr Hermans maintains the primary 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 provisional BDO audit report for the 2018 financial year at the meeting of 20 February 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 2018 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 2019.

The audit committee was actively involved in the discussion of the audit approach for the 2019 financial year. These consultations were held with BDO and were partly attended by the CFO.

In anticipation of the legal merger of Simac IT NL bv with Simac ICT Nederland bv, Simac Business Solutions bv and Simac B.sis bv, the audit committee, together with the accountant, has been informed of the progress of the merger process. During these discussions, attention was also paid to preparations for the planned implementation of a new ERP system in 2020.

### **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 2019. Although the result of the previous financial year could not be matched, 2019 was nevertheless closed with a healthy profit. A very big compliment to everyone who commits himself to Simac every day.

The positive results and robust financial position continue to be a solid foundation for meeting the challenges in the coming years. Recruitment and retention of talented employees, continuous improvement in the provision of services to customers and technical innovations will continue to demand the attention of management and staff.

On behalf of the supervisory board,

**Henk Kivits**

chairman

Veldhoven, 16 March 2020

SIMAC FINANCIAL STATEMENTS OF 2019

# Consolidated financial statements of 2019

Amounts in thousands of Euros

## Consolidated balance sheet before profit appropriation

as at 31 December 2019 (2018)

<b>ASSETS</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Intangible fixed assets	2	5,353	5,559
Tangible fixed assets	3	6,611	6,118
Financial fixed assets	4	9,823	10,853
Deferred tax assets	5	426	984
<b>Fixed assets</b>		<b>22,213</b>	<b>23,514</b>
Inventories	6	2,898	2,594
Work in progress	7	-	-
Trade receivables	8	62,117	63,982
Other receivables, including prepayments	9	17,822	14,954
Investments	10	219	212
Liquid assets	11	20,208	14,098
<b>Current assets</b>		<b>103,264</b>	<b>95,840</b>
<b>Total assets</b>		<b>125,477</b>	<b>119,354</b>
<b>LIABILITIES</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Equity		50,674	46,900
Third-party interest		2,721	2,289
<b>Group equity</b>	<b>12</b>	<b>53,395</b>	<b>49,189</b>
<b>Provisions</b>	<b>13</b>	<b>3,515</b>	<b>2,114</b>
<b>Long-term liabilities</b>	<b>14</b>	<b>112</b>	<b>164</b>
Credit institutions	17	-	542
Financial lease obligations	14	60	60
Work in progress	7	1,418	1,376
Trade creditors		25,018	24,368
Taxes and social security contributions	15	7,375	8,093
Other payables, accruals and deferred income	16	34,584	33,448
<b>Short-term liabilities</b>		<b>68,455</b>	<b>67,887</b>
<b>Total liabilities</b>		<b>125,477</b>	<b>119,354</b>

Amounts in thousands of Euros

## Consolidated profit and loss account

for the financial year ending on 31 December 2019 (2018)

	Note	2019	2018
<b>Net turnover</b>	19	276,314	258,619
Changes in work in progress		-42	-6,547
Other operating income	20	82	122
<b>Sum of operating income</b>		<b>276,354</b>	<b>252,194</b>
Subcontracted work and other external costs		150,846	132,486
Wages and salaries	21	65,239	60,755
Social security and pension contributions	21	15,165	13,771
Amortization of intangible fixed assets	2	1,732	1,237
Depreciation of tangible fixed assets	3	1,798	1,509
Impairment losses of intangible and tangible fixed assets	3	-	21
Other operating expenses	22	30,415	29,327
<b>Total operating expenses</b>		<b>265,195</b>	<b>239,106</b>
<b>Operating result</b>		<b>11,159</b>	<b>13,088</b>
Share in the result of non-consolidated participating interests	4	134	1,630
Interest income and similar income		208	224
Changes in the value of receivables included in fixed assets and of investments	23	-1,565	-610
Interest expenses and similar expenses		-46	-135
<b>Financial income and expenses</b>		<b>-1,269</b>	<b>1,109</b>
<b>Result from ordinary business operations before taxes</b>		<b>9,890</b>	<b>14,197</b>
Taxes result from ordinary business operations	24	-2,146	-2,733
<b>Group result after taxes</b>		<b>7,744</b>	<b>11,464</b>
Third-party interest	12	-697	-581
<b>Result after taxes</b>		<b>7,047</b>	<b>10,883</b>

Amounts in thousands of Euros

## Consolidated statement of cash flows

for the financial year ending on 31 December 2019 (2018)

<b>Cash flow from operating activities</b>	<b>2019</b>	<b>2018</b>
<b>Operating result</b>	<b>11,159</b>	<b>13,088</b>
<i>Restatements for:</i>		
Depreciation and impairment losses	3,523	2,767
Changes in provisions	-214	109
<b>Total of the restatements</b>	<b>3,309</b>	<b>2,876</b>
<i>Changes in working capital:</i>		
Inventories	-303	398
Work in progress	42	6,786
Trade receivables	2,303	-17,798
Other receivables, including prepayments	-2,805	-2,430
Trade creditors	577	-1,850
Taxes and social security contributions	45	876
Other payables, accruals and deferred income	900	7,459
<b>Total of changes in working capital</b>	<b>759</b>	<b>-6,559</b>
<b>Cash flow from business operations</b>	<b>15,227</b>	<b>9,405</b>
Dividends and interest received	208	317
Interest paid	-46	-135
Income taxes paid	-2,428	-2,415
<b>Cash flow from operating activities</b>	<b>12,961</b>	<b>7,172</b>

The cash flow statement continues on page 37.

Amounts in thousands of Euros

<b>Cash flow from investing activities</b>	<b>2019</b>	<b>2018</b>
Investments of intangible and tangible fixed assets	-3,575	-3,092
Disinvestments of intangible and tangible fixed assets	818	89
Acquisition of capital interests excluding cash	-1,477	-4,513
Disposal of capital interests excluding cash	-	2,216
Loans issued, funds lent and securities	-1,390	-2,022
Repayments received on loans, funds lent	2,588	1,697
<b>Cash flow from investing activities</b>	<b>-3,036</b>	<b>-5,625</b>
<b>Cash flow from financing activities</b>	<b>2019</b>	<b>2018</b>
Dividends paid	-3,572	-2,549
Changes in equity and third-party interest	50	-
Withdrawal or repayment of bank credit	-542	542
Repayments on other loans	-52	-39
<b>Cash flow from financing activities</b>	<b>-4,116</b>	<b>-2,046</b>
<b>Change in cash</b>	<b>5,809</b>	<b>-499</b>
<b>Cash movements</b>	<b>2019</b>	<b>2018</b>
Balance at the end of the reporting period	20,208	14,098
Less:		
Acquisition of capital interests	301	1,104
Balance at the beginning of the reporting period	14,098	13,493
<b>Change in cash</b>	<b>5,809</b>	<b>-499</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. Liquid assets
12. Group equity
13. Provisions
14. Financial lease obligations
15. Taxes and social security contributions
16. Other payables, accruals and deferred income
17. Financial instruments
18. Rights and obligations not included in the balance sheet
19. Net turnover
20. Other operating income
21. Personnel expenses
22. Other operating expenses
23. Changes in the value of receivables included in fixed assets and of investments
24. Taxes on profit
25. Related parties
26. 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 (5503 LB). The company is registered with the Chamber of Commerce under file reference number 17057712.

The consolidated financial statements for the 2019 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, the Czech Republic and the United Kingdom. By participating in a number of non-consolidated participating interests, Simac explores technological developments and innovations for the future.

### 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 of 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 financial information from the following group entities. Unless stated otherwise, it concerns 100% interests.

### **The Netherlands**

Aranea Consult bv, 's-Hertogenbosch  
hmb holding bv, Weert  
Simac Document Solutions bv, Ede  
Simac Electronics bv, Drunen  
Simac IDS bv, Veldhoven  
Simac International Services bv, Veldhoven  
Simac IT NL 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**

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), 70%

### Non-consolidated participating interests

Aquestora bv, Eindhoven, 50%  
Breedband Regio Eindhoven bv, Eindhoven, 3%  
Centrale 24 Techniek bv, Eindhoven, 50%  
Chess Wise bv, Haarlem, 46%  
GX International bv, Eindhoven, 15%  
Inteno Group AB, Skärholmen (Sweden), 4%  
MiddenBrabantNet bv, Uden, 50%  
Passengera SRO, Prague (Czech Republic), 29%  
Sensite Solutions bv, Eindhoven, 19%  
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 8 April 2019, 50% of Simac Obec bv was acquired. After this transaction, Simac holds all outstanding shares. As a result of this acquisition, assets rise by € 383 and debts to third-parties by € 259 as at the acquisition date. The net turnover over the consolidation period amounts to € 357. Subsequently, on 17 July 2019, Simac Obec bv (company ceasing to exist) legally merged with Simac Triangle bv (recipient company).

On 2 September 2019, all outstanding hmb holding bv shares were acquired. As a result of this acquisition, assets rise by € 618 and liabilities by € 127 as at the acquisition date. The net turnover over the consolidation period amounts to € 545.

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.

On 31 December 2019, Simac IT NL bv (recipient company) and Simac ICT Nederland bv, Simac Business Solutions bv and Simac B.sis bv (companies ceasing to exist) legally merged. The effective date of this merger is 1 January 2020.

On 31 May 2019, Simac acquired 50% of the ordinary outstanding shares of Centrale 24 Techniek bv.

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 with third-party minority interest 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. The controlling shareholder of Simac is Simal Beheer bv, which holds 98.7% of the ordinary shares and all preference shares A and B.

#### **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 amortization. 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 have 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 amortization and cumulative impairment losses.

## Depreciation

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 depreciation and cumulative impairment losses. The costs of major maintenance are included in the carrying amount of the tangible fixed asset. The costs are regarded as an important component that is depreciated separately.

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.

### Depreciation

Depreciation is 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. Lessee investments are depreciated according to the term of the underlying lease.

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

- Buildings and renovations 5 – 30 years
- Other fixed assets 3 – 10 years

Buildings and renovations include lessee investments. 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

Inventories 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. The 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 the 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 an 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 depreciation, 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, ICT applications and industrial automation.

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, including prepayments.

### **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.

## Taxes on profit

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-offsettable.

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 offsettable 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. Simac's operations can be divided into two areas.

The Information Technology segment provides a wide range of generic IT services with a focus on the design, implementation and management of IT infrastructures and the design, construction and delivery of industry-specific and solution-related applications. The Smart Solutions segment offers highly specialized technology solutions for various niche markets. As regards Information Technology, the operations in the Netherlands and abroad are reported separately.

Group sales are, 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.

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 resources are not recorded in the cash flow statement.

Amounts in thousands of Euros

## 2. Intangible fixed assets

Statement of movements	Goodwill	Other	Total 2019	Total 2018
Acquisition value	8,198	66	8,264	5,173
Cumulative depreciation	2,644	61	2,705	1,419
<b>Carrying amount as at 1 January</b>	<b>5,554</b>	<b>5</b>	<b>5,559</b>	<b>3,754</b>
Investments	-	29	29	-
Acquisition of subsidiaries	862	-	862	2,735
Acquisition of trading enterprise	490	-	490	300
New consolidation	-	194	194	56
<b>Changes in acquisition value</b>	<b>1,352</b>	<b>223</b>	<b>1,575</b>	<b>3,091</b>
Depreciation	1,700	32	1,732	1,235
Impairment loss	-	-	-	-
New consolidation	-	49	49	51
<b>Changes in cumulative depreciation</b>	<b>1,700</b>	<b>81</b>	<b>1,781</b>	<b>1,286</b>
Acquisition value	9,550	289	9,839	8,264
Cumulative depreciation	4,344	142	4,486	2,705
<b>Carrying amount as at 31 December</b>	<b>5,206</b>	<b>147</b>	<b>5,353</b>	<b>5,559</b>

On 8 April 2019, 50% of Simac Obec bv was acquired. After this transaction, Simac holds all outstanding shares. On 2 September 2019, all outstanding hmb holding bv shares were acquired. On 3 July 2019, Simac acquired the Document Solutions contract portfolio from VCD Business Solutions bv. The goodwill identified in said acquisitions has been capitalized and will be amortized in three to five years.

Upon the acquisition of 70% of the shares of Wavetel SAS in 2018, Simac obtained an option to purchase the remaining 30%, with the current 30% shareholder having 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, depreciation or impairment losses are recorded in the profit and loss account under depreciation or impairment losses of intangible assets.

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>Total 2019</b>	<b>Total 2018</b>
Acquisition value	5,366	16,590	21,956	19,640
Cumulative depreciation	2,935	12,903	15,838	15,154
<b>Carrying amount as at 1 January</b>	<b>2,431</b>	<b>3,687</b>	<b>6,118</b>	<b>4,486</b>
Investments	672	2,318	2,990	2,787
Disinvestments	-27	-2,809	-2,836	-270
New consolidations	-	91	91	809
Other changes	32	23	55	-1,010
<b>Changes in acquisition value</b>	<b>677</b>	<b>-377</b>	<b>300</b>	<b>2,316</b>
Depreciation	362	1,436	1,798	1,509
Impairment loss	-	-	-	163
Reversal of impairment loss	-	-	-	-142
Disinvestments	-	-2,419	-2,419	-181
New consolidations	-	37	37	338
Other changes	-	391	391	-1,003
<b>Changes in cumulative depreciation</b>	<b>362</b>	<b>-555</b>	<b>-193</b>	<b>684</b>
Acquisition value	6,043	16,213	22,256	21,956
Cumulative depreciation	3,297	12,348	15,645	15,838
<b>Carrying amount as at 31 December</b>	<b>2,746</b>	<b>3,865</b>	<b>6,611</b>	<b>6,118</b>

Investments in company buildings and grounds largely relate to lessee investments. Investments in leased properties are depreciated over the lease period.

At the end of the financial year, € 0.6 million (2018: € 1.3 million) of other fixed assets are accounted for by exchange parts and €1.1 million (2018: € 1.1 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. Other changes concern value adjustments for exchange parts in Belgium. New consolidations concern the effect of the Simac Obec bv and hmb holding bv acquisitions.

Depreciation or impairment losses are recorded in the profit and loss account under depreciation or impairment losses of tangible assets.

Amounts in thousands of Euros

## 4. Financial fixed assets

	2019	2018
Non-consolidated participating interests	1,489	1,407
Receivables from participating interests	1,247	871
Receivables from shareholders	6,233	7,733
Other receivables	854	842
	<b>9,823</b>	<b>10,863</b>

Non-consolidated participating interests and receivables are further explained below.

Explanatory notes non-consolidated participating interests:

Overview of participating interests >20%	Locality	Capital interest	Capital interest	Equity	Result
		2019	2018		
Aquestora bv	Eindhoven	50%	50%	296	369
Centrale 24 Techniek bv	Eindhoven	50%	-	-309	-728
Chess Wise bv	Haarlem	46%	46%	-3,180	-1,493
MiddenBrabantNet bv	Uden	50%	50%	-1,824	-76
Passenger SRO	Prague	29%	33%	33	-438
Simac Professional SA	Luxembourg	50%	50%	497	-101

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 data pertaining to Aquestora bv, Chess Wise bv and Simac Professional SA is based on internal reports of 31 December 2019. Data on the other participating interests is included from the financial statements for the 2018 financial year.

In addition, Simac holds a number of participating interests <20% in which no significant influence is exercised on the operational and financial policy. They are BRE bv, GX International bv, Inteno Group AB (Zweden), Sensite Solutions bv, Trearms Group bv and Vital10 bv.

With the exception of the interest in Sensite Solutions bv, the participating interests <20% are included at acquisition price. The interest in Sensite Solutions has been written down to zero.

Amounts in thousands of Euros

	Total 2019	Total 2018
<b>Changes in participating interests during the financial year</b>		
Balance as at 1 January	1,407	1,880
Acquisition of interests	-	382
Recording of goodwill after acquisition	-	-2,216
Capital contribution	-	154
Share in the result from participating interests	134	1,630
Translation differences	-16	21
Inclusion of the result on outstanding receivables	-36	-345
Dividend	-	-99
<b>Balance as at 31 December</b>	<b>1,489</b>	<b>1,407</b>

On 31 May 2019, Simac acquired 50% of the ordinary outstanding shares of Centrale 24 Techniek bv. Within the framework of this acquisition, Simac committed to issuing a subordinated loan of up to € 1 million. This commitment is included in the provisions and recorded in the profit and loss account under changes in the value of receivables.

Explanatory notes of receivables from participating interests, from shareholders and other receivables:

Changes in receivables during the financial year	Participating interests	Shareholders	Other	Total 2019	Total 2018
<b>Nominal balance as at 1 January</b>	<b>2,528</b>	<b>7,733</b>	<b>2,525</b>	<b>12,786</b>	<b>12,451</b>
Provisions	340	1,000	50	1,390	2,022
Repayments	-50	-2,500	-38	-2,588	-1,697
New consolidation	-	-	-	-	15
Other changes	-976	-	-	-976	-5
<b>Nominal balance as at 31 December</b>	<b>1,842</b>	<b>6,233</b>	<b>2,537</b>	<b>10,612</b>	<b>12,786</b>
Write-down of receivables	-595	-	-1,683	-2,278	-3,340
<b>Carrying amount as at 31 December</b>	<b>1,247</b>	<b>6,233</b>	<b>854</b>	<b>8,334</b>	<b>9,446</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 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 at the balance sheet date only relate to valued offsettable losses solely attributable to Simac. Movements during the financial year are as follows:

	<b>Total</b>	<b>Total</b>
<b>Deferred tax assets</b>	<b>2019</b>	<b>2018</b>
<b>Balance as at 1 January</b>	<b>984</b>	<b>1,583</b>
Realization of deferred tax assets	-1,281	-1,719
Recognition of losses not valued previously	720	1,055
Valuation adjustment	3	65
<b>Balance as at 31 December</b>	<b>426</b>	<b>984</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>Total</b>	<b>Total</b>
<b>Statement of available losses and valuation at year-end</b>	<b>2019</b>	<b>2018</b>
Offsettable losses in the Netherlands	2,544	6,731
<b>Available losses</b>	<b>2,544</b>	<b>6,731</b>
Less: non-valued losses	1,130	3,068
<b>Valued losses</b>	<b>1,414</b>	<b>3,663</b>
<b>Valuation on the balance sheet at year-end</b>	<b>354</b>	<b>916</b>

Up to and including 2021 or 2023, offsettable losses in the Netherlands can be set off against future profits and have been determined by the tax authorities. Non-valued losses are pre-incorporation losses that cannot be offset within the tax entity.

Amounts in thousands of Euros

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

Other deferred tax assets of € 72 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

	2019	2018
Trading stocks	4,616	3,666
Provision for unsaleable items	-1,718	-1,072
	<b>2,898</b>	<b>2,594</b>

The trading stock that is valued at a lower net realizable value amounts to € 2,880 (year-end 2018: € 1,892). Additions and withdrawals from the provision for unsaleable items are included in the costs of outsourced work and other external costs. For the financial year, € 218 (2018: € 156) was charged to the results.

## 7. Work in progress

	2019	2018
Capitalized costs	19,037	22,385
Invoiced installments	-20,455	-23,761
<b>Balance of work in progress</b>	<b>-1,418</b>	<b>-1,376</b>

Project income realized during the financial year on work in progress instructed by third parties amount to € 100,436 (2018: € 100,800) and are recorded in net turnover.

The breakdown of the work in progress balance recorded on the balance sheet is included below.

	2019	2018
Capitalized costs higher than invoiced installments	1,076	2,596
Invoiced installments higher than capitalized costs	-2,494	-3,972
<b>Balance of work in progress</b>	<b>-1,418</b>	<b>-1,376</b>

Amounts in thousands of Euros

## 8. Trade receivables

	2019	2018
Trade receivables	63,458	65,626
Provision for bad debts	-1,341	-1,644
	<b>62,117</b>	<b>63,982</b>

Additions and withdrawals from the provision for bad debts are included in other operating expenses. For the financial year, € 98 (2018: € 144) was charged to the results.

## 9. Other receivables, including prepayments

	2019	2018
Costs of service contracts to be amortized	12,588	11,752
Turnover to be invoiced	2,376	1,442
Other receivables	-	349
Other items to be amortized	2,858	1,411
	<b>17,822</b>	<b>14,954</b>

The expected long-term part of the costs of service contracts to be amortized is € 4,641 (2018: € 4,044). During the financial year, investments were made in assets for cloud services. The amortization costs of these assets are allocated to customer management contracts and recorded in the profit and loss account under costs of outsourced work and other external costs.

## 10. Investments

	2019	2018
Bonds Groupama SA (France)	219	212
	<b>219</b>	<b>212</b>

## 11. Liquid assets

Some of the balance of liquid assets at the end of the financial year is € 368 held in G accounts. This balance is not at the free disposal of Simac and can only be used for payment of payroll taxes and turnover tax.

Amounts in thousands of Euros

## 12. Group equity

	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>
<b>Statement of changes in 2019</b>			
<b>Balance as at 1 January 2019</b>	<b>46,900</b>	<b>2,289</b>	<b>49,189</b>
Group result after taxes	7,047	697	7,744
Revaluation	-	-	-
Translation differences	-27	61	34
<b>Total result for the financial year</b>	<b>7,020</b>	<b>758</b>	<b>7,778</b>
New consolidations	-	-	-
Dividends paid	-3,246	-326	-3,572
<b>Transactions with shareholders</b>	<b>-3,246</b>	<b>-326</b>	<b>-3,572</b>
<b>Balance as at 31 December 2019</b>	<b>50,674</b>	<b>2,721</b>	<b>53,395</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 share of third parties relates to third-party minority interests in group companies.

Amounts in thousands of Euros

## 13. Provisions

<b>Specification of other provisions</b>	<b>2019</b>	<b>2018</b>
Long-service bonuses	1,379	1,151
Financing obligations	1,000	-
Restructuring	712	790
Other	424	173
	<b>3,515</b>	<b>2,114</b>

  

	<b>2019</b>	<b>2018</b>
<b>Balance as at 1 January</b>	<b>2,114</b>	<b>1,604</b>
Made during the financial year	1,808	2,092
Used during the financial year	-434	-1,581
Released during the financial year	-	-20
Other changes	27	19
<b>Balance as at 31 December</b>	<b>3,515</b>	<b>2,114</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.

For an explanation of the financing obligations, reference is made to note 4 of the explanatory notes. Reorganization concerns expected costs of redundancies.

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

The part of the provisions expected to be settled within 12 months amounts to € 1.8 million (2018: € 0.8 million).

## 14. 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 17.

Amounts in thousands of Euros

## 15. Taxes and social security contributions

	2019	2018
Turnover tax	3,825	3,935
Wage tax	1,345	1,142
Corporation tax	1,212	2,209
Social security and pension contributions	993	807
	<b>7,375</b>	<b>8,093</b>

As regards foreign jurisdictions, wage tax, turnover tax and corporation tax by their nature include similar taxes.

## 16. Other payables, accruals and deferred income

	2019	2018
Contract turnover still to be amortized	13,523	12,452
Holiday pay and days' holiday	6,637	6,139
Employee benefits	5,601	5,564
Other items to be amortized	8,823	9,293
	<b>34,584</b>	<b>33,448</b>

The expected long-term part of the contract turnover to be amortized is € 3,622 (2018: € 2,897). Employee benefits include bonuses payable to employees and other variable benefits and payments. Other items to be amortized include third-party work payable, hiring and other accruals and deferred income.

## 17. 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 make 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 € 12.5 million being available to Simac companies in the Benelux. In addition, a facility of € 2.5 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.

### **Securities provided**

With regard to the facilities made available by Deutsche Bank AG (Amsterdam office), Simac has provided the following securities for 100% 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

### **Other conditions**

These conditions concern solvency and net debt/EBITDA ratios.

At the end of the financial year, Simac amply meets the set 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

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

### Rental and operational lease obligations

As at 31 December	Rent	Cars	2019	2018
Less than 1 year	2,439	4,570	7,009	6,318
Between 1 and 2 years	1,642	3,074	4,716	4,869
Between 2 and 3 years	1,599	1,921	3,520	2,966
Between 3 and 4 years	614	863	1,477	1,859
Between 4 and 5 years	438	152	590	300
More than 5 years	387	49	436	320
	<b>7,119</b>	<b>10,629</b>	<b>17,748</b>	<b>16,632</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 € 1.7 million (2018: € 1.1 million).

### Joint and several liability for corporation tax and turnover tax

The Dutch entities, whose shares are owned by Simac for at least 95%, are included in a tax entity for corporation tax and turnover tax. 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 decided to build a new office building in Haasrode (Belgium). Current expectations are that the corresponding investment (including furnishings and fittings) will amount to € 8.7 million. As of January 2020, Simac expects to gradually start self-financing the leased fleet.

## 19. Net turnover

Per sales category	2019	2018
Sale and installation of goods (w.o. projects)	142,999	139,753
Service and management contracts	90,344	86,947
Other services	42,971	31,919
	<b>276,314</b>	<b>258,619</b>

Amounts in thousands of Euros

<b>Per business segment</b>	<b>2019</b>	<b>2018</b>
Information Technology Netherlands	137,194	117,330
Information Technology abroad	100,680	108,113
Smart Solutions	38,894	33,781
Holding and eliminations	-454	-605
	<b>276,314</b>	<b>258,619</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.

## 20. Other operating income

Other operating income is partial income from subletting and relates to properties in Veldhoven and Ede.

## 21. Personnel expenses

	<b>2019</b>	<b>2018</b>
Wages and salaries	65,239	60,755
Social security and pension contributions	15,165	13,771
	<b>80,404</b>	<b>74,526</b>

<b>Average number of employees (fulltime equivalents)</b>	<b>2019</b>	<b>2018</b>
<b>Business segments</b>		
Information Technology Netherlands	575	552
Information Technology abroad	275	267
Smart Solutions	188	148
Holding	25	19
	<b>1,063</b>	<b>986</b>
<b>Geographically</b>		
The Netherlands	788	718
Abroad	275	268
	<b>1,063</b>	<b>986</b>
<b>Number of employees as at the balance sheet date (full time equivalents)</b>	<b>1,123</b>	<b>1,003</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 224 (2018: 188).

## 22. Other operating expenses

	2019	2018
Other personnel expenses	7,813	7,431
Accommodation costs	4,744	4,580
Car and travel costs	8,802	8,346
Telecommunications and automation costs	3,143	2,839
Costs to sell	1,756	1,531
Other costs	4,157	4,600
	<b>30,415</b>	<b>29,327</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	2019	2018
Annual audit	191	21	71	283	245
Other financial statements activities	-	-	7	7	9
Tax consultancy fees	45	9	61	115	76
Other advisory work	30	-	24	54	115
	<b>266</b>	<b>30</b>	<b>163</b>	<b>459</b>	<b>445</b>

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

Amounts in thousands of Euros

## 23. Changes in the value of receivables included in fixed assets and of investments

	2019	2018
Changes in the value of receivables	-1,572	-610
Changes in the value of investment	7	-
	<b>-1,565</b>	<b>-610</b>

Changes in the value of receivables concern financing to non-consolidated participating interests in both 2018 and 2019.

## 23. Taxes on profit

Taxes on profit included in the profit and loss account	2019	2018
Taxes due for the financial year	-1,712	-2,069
Tax adjustments from previous years	128	-
<b>Current taxes</b>	<b>-1,584</b>	<b>-2,069</b>
Realization of deferred tax assets	-1,282	-1,719
Recognition of deferred tax assets	720	1,055
<b>Deferred taxes</b>	<b>-562</b>	<b>-664</b>
<b>Total of current and deferred taxes</b>	<b>-2,146</b>	<b>-2,733</b>

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

Reconciliation statement of the effective tax burden	2019	2018
Result before taxes	9,890	14,197
<b>Nominal income taxes (25%)</b>	<b>-2,472</b>	<b>-3,549</b>
<i>Effect on nominal tax of:</i>		
Cost corrections for tax purposes	-543	-379
Participation exemption	34	377
Recognition of losses not valued previously	720	1,055
Tax-offsettable losses not included	-35	-
Rate differences	22	-224
Tax corrections	128	-
Other differences	-	-13
<b>Effective income taxes</b>	<b>-2,146</b>	<b>-2,733</b>
<b>Effective tax burden</b>	<b>-21.7%</b>	<b>-19.3%</b>

The nominal tax rate is based on the Dutch corporation tax rate. The 19% income tax band (2018: 20%) has not been taken into account when calculating nominal income tax.

Cost corrections for tax purposes largely relate to the effect of non-tax offsettable goodwill amortization in the Netherlands and rejected expenses in Belgium. Tax corrections of € 128 relate to the liquidation of the group company Prodisight NV (Belgium) during the financial year.

Excluding the valuation of losses not valued previously of € 720, the effective tax burden amounts to 29.0% (2018: 26.7%). In both 2019 and 2018, income taxes were not included in equity directly.

## 25. 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 98.7% 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.

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.

## 26. Events after the balance sheet date

The developments of the coronavirus are of a very recent nature. The consequences for society and the economy appear to be significant. It seems inevitable that this will also have consequences for Simac, its customers and suppliers. However, at this moment in time, it is impossible to make a reliable or quantified statement about the consequences for Simac's financial position.

SIMAC FINANCIAL STATEMENTS OF 2019

# Company financial statements of 2019

Amounts in thousands of Euros

## Company balance sheet before profit appropriation

as at 31 December 2019 (2018)

<b>ASSETS</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Intangible fixed assets	2	4,590	5,284
Tangible fixed assets	3	650	782
Financial fixed assets	4	47,667	48,481
<b>Fixed assets</b>		<b>52,907</b>	<b>54,547</b>
Receivables	5	4,541	6,120
Liquid assets		10,722	5,734
<b>Current assets</b>		<b>15,263</b>	<b>11,854</b>
<b>Total assets</b>		<b>68,170</b>	<b>66,401</b>
<b>LIABILITIES</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Share capital		3,953	3,953
Share premium		68,660	68,660
Statutory reserves		213	240
Other reserves		-29,199	-36,836
Unappropriated result		7,047	10,883
<b>Equity</b>	6	<b>50,674</b>	<b>46,900</b>
Provisions	7	3,571	2,445
Short-term liabilities	8	13,925	17,056
<b>Total liabilities</b>		<b>68,170</b>	<b>66,401</b>

## Company profit and loss account

for the financial year ending on 31 December 2019 (2018)

	<b>Note</b>	<b>2019</b>	<b>2018</b>
Result from participating interests after taxes	4	10,152	12,740
Result from holding company after taxes		-3,105	-1,857
<b>Result after taxes</b>		<b>7,047</b>	<b>10,883</b>

## 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 part of the 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>2019</b>	<b>2018</b>
Acquisition value	7,461	4,726
Cumulative depreciation	2,177	972
<b>Carrying amount as at 1 January</b>	<b>5,284</b>	<b>3,754</b>
Acquisition of group companies	862	2,735
Acquisition of participating interests	-	-
<b>Changes in acquisition value</b>	<b>862</b>	<b>1,498</b>
Depreciation	1,556	1,205
<b>Changes in depreciation</b>	<b>1,556</b>	<b>1,205</b>
Acquisition value	8,323	7,461
Cumulative depreciation	3,733	2,177
<b>Carrying amount as at 31 December</b>	<b>4,590</b>	<b>5,284</b>

On 8 April 2019, 50% of Simac Obec bv was acquired. After this transaction, Simac holds all outstanding shares of said company. On 2 September 2019, all outstanding hmb holding bv shares were acquired. Goodwill has been identified and capitalized for both acquisitions.

Upon the acquisition of 70% of the shares of Wavetel in 2018, Simac obtained an option to purchase the remaining 30%, with the current 30% shareholder having a right to sell to Simac. The possibility of exercising both options is subject to a standstill period of three years after the acquisition.

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

Amounts in thousands of Euros

### 3. Tangible fixed assets

STATEMENT OF MOVEMENTS	Company buildings and grounds	Other fixed assets	2019	2018
Acquisition value	1,128	741	1,869	1,480
Cumulative depreciation	557	530	1,087	912
<b>Carrying amount as at 1 January</b>	<b>571</b>	<b>211</b>	<b>782</b>	<b>568</b>
Investments	79	-	79	389
<b>Changes in acquisition value</b>	<b>79</b>	<b>-</b>	<b>79</b>	<b>389</b>
Depreciation	149	62	211	175
<b>Changes in depreciation</b>	<b>149</b>	<b>62</b>	<b>211</b>	<b>175</b>
Acquisition value	1,207	741	1,948	1,869
Cumulative depreciation	706	592	1,298	1,087
<b>Carrying amount as at 31 December</b>	<b>501</b>	<b>149</b>	<b>650</b>	<b>782</b>

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

Other fixed assets concern capitalized items in the field of automation, means of transport and machinery and equipment.

### 4. Financial fixed assets

	2019	2018
Participating interests in group companies (DG)	38,092	37,368
Other participating interests (AD)	1,379	1,281
Other receivables (OV)	8,196	9,832
	<b>47,667</b>	<b>48,481</b>

Amounts in thousands of Euros

<b>STATEMENT OF MOVEMENTS</b>	<b>DG</b>	<b>AD</b>	<b>OV</b>	<b>Total 2019</b>	<b>Total 2018</b>
<b>Balance as at 1 January</b>	<b>37,368</b>	<b>1,281</b>	<b>9,832</b>	<b>48,481</b>	<b>37,741</b>
Disposals and repayments	-	-	-2,550	-2,550	-3,716
Acquisition and provisions	58	-	1,440	1,498	3,634
Result from participating interests	10,018	134	-	10,152	12,740
Book profit on sale	-	-	-	-	1,437
Dividends received	-8,399	-	-	-8,399	-2,850
Translation differences	-27	-	-	-27	54
Realization of deferred tax	-	-	-1,282	-1,282	-1,719
Valuation of losses	-	-	720	720	1,055
Other changes	-926	-36	36	-926	105
<b>Balance as at 31 December</b>	<b>38,092</b>	<b>1,379</b>	<b>8,196</b>	<b>47,667</b>	<b>48,481</b>

During the financial year, interests were acquired in Centrale 24 Techniek bv (50%), hmb holding bv (100%) and Simac Obec bv (50%). Goodwill has been recorded with the acquisition of hmb and Simac Obec. When acquiring the participating interest in Centrale 24, Simac committed to issuing a subordinated loan of up to € 1 million.

On 31 December 2019, Simac IT NL bv (recipient company) and Simac ICT Nederland bv, Simac Business Solutions bv and Simac B.sis bv (companies ceasing to exist) legally merged. On 17 July 2019, Simac Obec bv (company ceasing to exist) legally merged with Simac Triangle bv (recipient company).

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 2019, other receivables consist of € 6,233 (2018: € 7,733) from receivables from participants, of € 1,609 (2018: € 1,183) from interest-bearing receivables and € 354 (2018: € 916) 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

	2019	2018
Trade receivables	184	133
Group companies	4,224	5,786
Taxes and social security contributions	62	113
Other receivables, including prepayments	71	88
	<b>4,541</b>	<b>6,120</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 2019	Total 2018
<b>Balance as at 1 January</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>
Result after taxes	-	-	-	-	7,047	7,047	10,883
Dividends paid	-	-	-	-	-3,246	-3,246	-2,374
Profit appropriation previous financial year	-	-	-	7,637	-7,637	-	-
Revaluation	-	-	-	-	-	-	-
Translation differences	-	-	-27	-	-	-27	54
<b>Balance as at 31 December</b>	<b>3,953</b>	<b>68,660</b>	<b>213</b>	<b>-29,199</b>	<b>7,047</b>	<b>50,674</b>	<b>46,900</b>

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

Amounts in thousands of Euros

	<b>Priority shares</b>	<b>Preference Shares A</b>	<b>Preference Shares B</b>	<b>Ordinary shares</b>
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

### 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 translation of the financial statements of the net investments in foreign activities.

### 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 2019 financial year:

6% dividend on preference shares A	€ 30,000
6 % dividend on preference shares B	€ 600,000
€ 0,11 per ordinary share	€ 1,598,453

The calculation of the dividend proposal on ordinary shares is based on the number of outstanding shares as at 31 December 2019. 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.

Amounts in thousands of Euros

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.

## 7. Provisions

	2019	2018
Participating interests	1,019	395
Other	2,552	2,050
	<b>3,571</b>	<b>2,445</b>

Other provisions relate to expected jubilee benefits for € 1,377 (2018: € 1,151). This provision is based on an actuarial calculation. Furthermore, a provision of € 1,000 has been included for a financing obligation.

## 8. Short-term liabilities

	2019	2018
Trade creditors	411	394
Group companies	11,303	14,579
Taxes and social security contributions	55	39
Other payables, accruals and deferred income	2,156	2,044
	<b>13,925</b>	<b>17,056</b>

## 9. Remuneration of board directors and supervisory directors

In the financial year, an amount of € 626 (2018: € 696) was charged to the company on account of the remuneration of directors. The remuneration for supervisory directors in the financial year was € 74 (2018: € 68).

## 10. Rights and obligations not included 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 IT NL bv. The declarations issued for Simac ICT Nederland bv and Simac Business Solutions bv were withdrawn at the end of the financial year. 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.

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

Simac Techniek NV, together with its 100% subsidiaries in the Netherlands and Belgium, is affiliated in a credit agreement with Deutsche Bank AG (Amsterdam office) for the provision of credit facilities. Simac Techniek and its affiliated subsidiaries are jointly and severally liable to Deutsche Bank for the obligations under this agreement.

Veldhoven, 16 March 2020

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 2019 financial statements incorporated in the annual report

##### Our opinion

We have audited the 2019 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 2019 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 2019;
2. the consolidated and separate profit and loss account for 2019; 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 other data, including 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, 16 March 2020

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.