



Annual Report 2020

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This annual report of Simac Techniek NV for the year ended 31 December 2020 is a complete translation of the original Dutch version. Although translation has been performed with the utmost accuracy, Simac cannot exclude interpretation differences as a result of this translation. Under all circumstances the official Dutch version of the annual accounts is legally binding.

Table of Contents

General.....	2
Notice from the board of directors.....	2
The board of directors of Simac Techniek NV.....	4
Supervisory board of Simac Techniek NV.....	5
Directors' report	6
Outline strategy.....	6
Corporate Social Responsibility.....	7
Financial state of affairs.....	9
Operational state of affairs.....	17
Personnel and organization.....	24
Expectations.....	25
Corporate Governance	27
Explanatory notes to corporate governance.....	27
Risk and risk management.....	28
Report from the supervisory board.....	32
Report supervisory tasks by the supervisory board.....	32
Report of the supervisory board committees.....	33
A final word.....	34
Consolidated financial statements of 2020	35
Consolidated balance sheet before profit appropriation.....	36
Consolidated profit and loss account.....	37
Consolidated statement of cash flows.....	38
Explanatory notes to the consolidated financial statements.....	40
Company financial statements of 2020.....	74
Company balance sheet before profit appropriation.....	75
Company profit and loss account.....	75
Explanatory notes to the company financial statements.....	76
Other information.....	84
Audit opinion from the independent auditor.....	84
Statutory regulation regarding profit appropriation.....	88
Extraordinary statutory rights.....	88

General

Notice from the board of directors

For many companies and almost everyone, the year 2020 was dominated by the COVID-19 crisis. At the beginning of the past year, nothing much seemed to be going on, the economy was running at full speed and expectations were positive. Suddenly, the crisis hit the Benelux and Europe and we entered the first lockdown with a lot of uncertainty and caution.

Fortunately, our customers and therefore ourselves were not in the line of fire. This meant Simac passed the second quarter without a loss. The consequences were, of course, considerable for many of our employees. Working from home became the norm and social life largely came to a standstill. There was more room in the third quarter, but far-reaching measures were again necessary at the end of the year. All in all, quite a task, but compared to other sectors, the consequences for Simac were ultimately better than expected. The order book has remained at a good level so far.

Ultimately, we were able to end 2020 successfully. Turnover fell by more than 8%, from € 276 million to € 252 million but the result remained positive. The final operating result was € 8.9 million. Although lower than in 2019, we are satisfied with the result. In the past year, a lot has been invested in, among other things, multi-cloud services, new software applications and integrated services. As usual, all these developments were immediately expensed. At the end of the year, 70% of the shares of PHI DATA, a Belgian technology company specializing in identification and IoT (Internet of Things) solutions, were acquired. In addition, the interest in Simac ICT Czech Republic and aQuestora was expanded. Net profits for 2020 amounted to € 4.7 million. This includes various provisions related to start-up business activities. The cash position remains positive and strong, there are no deferred payments or taxes.

The IT companies in the Netherlands, Belgium, Luxembourg, the Czech Republic and France continued their good results. A lot has again been invested in innovation. We see interesting and important developments both within and outside the Netherlands, close to the customer and the market. In the next few years, we will continue to devote attention to mutual commercialization. We continue to find it important that innovation remains in the capillaries of our organization. The majority of specialized companies concluded 2020 with a profit. They also form the foundation for Simac's stability.

The general outlook for 2021 is currently uncertain. The COVID-19 crisis continues and the economic consequences could be greater for Simac this year than in 2020. It is all still difficult to estimate. Nevertheless, Simac currently expects another stable and profitable year in 2021.

We would like to take this opportunity to thank our customers for their trust in Simac, the assignments and the positive cooperation in 2020. We would like to thank the supervisory board and the works council for their useful contribution to our wonderful 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 2021

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
- Member of the advisory council of Strategic Area Health TU Eindhoven
- 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
- Chairman of MMC Innovatiefonds
- Member of the PSV foundation executive board

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

Former CEO Stage Entertainment

Key ancillary positions:

- Chairman of Stichting Universiteitsfonds Eindhoven
- Chairman of Stichting FoodforCare Fonds
- Member of the Supervisory Board of Parc Spelderholt
- Member of the board of Preferente Aandelen C Van Lanschot

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

Vice-chairman and chairman of the remuneration committee

Former member of the board of ASML

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

Member

Former managing director of the Nederland ICT trade association

Key ancillary positions:

- Chairman of the Supervisory Board of Kruitbosch BV
- Supervisory Director of GGN (Gerechtsdeurwaardersgroep Nederland)
- Chairman of Stichting Digitaal Innoveren Nederland

W. VAN WINDEN (1952), DUTCH

Member and chairman of the audit committee

Former CFO of Philips Nederland/Benelux

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, 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. 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. In 2020, we even obtained an exemption from the Netherlands Enterprise Agency, the RVO. This means energy management is in such good order that no additional RVO inspection is required.

The involvement in the environment in which we work is partly reflected in the sponsorship of various associations, organizations and events. In 2020, this involved a list of 83 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 falls by 8.6%, from € 276.3 million to € 252.4 million
- Operating result falls from € 11.2 million to € 8.9 million. Exclusive of amortization, the operating result (EBITDA) falls from € 14.7 million to € 12.6 million
- Result after taxes falls from € 7.0 million to € 4.7 million
- Cash position rises to € 24.6 million (2019: € 20.2 million)
- Solvency based on group equity at year-end 2020: 43.4% (2019: 42.6%)

Results

The results can be summarized as follows:

Condensed consolidated profit and loss account	2020	2019
Net turnover	252,442	276,314
Changes in work in progress	2,400	-42
Subcontracted work and other external costs	-132,459	-150,845
Gross profit	122,383	125,427
Other operating income	888	82
Personnel expenses	-82,268	-80,405
Other operating expenses	-28,354	-30,415
Operating result before depreciation (EBITDA)	12,649	14,689
Depreciation and impairment losses	-3,785	-3,530
Operating result	8,864	11,159
Financial income and expenses	-1,541	-1,269
Group result before taxes	7,323	9,890
Taxes result from ordinary business operations	-2,054	-2,146
Third-party interest	-601	-697
Result after taxes	4,668	7,047

Changes in the group structure

At the end of the financial year, the scope of consolidation was expanded to include Phi Data NV and aQuestora bv. On 23 December, Simac acquired 70% of the Phi Data NV shares. The interest in aQuestora bv was increased by 35% from 50% to 85% on 30 December.

The impact of this acquisition on total assets at the end of the financial year is € 7.9 million and on debts € 4.3 million. The cash resources from these acquisitions included in the assets amount on balance to € 1.0 million.

Amounts in thousands of Euros

The interest in the group company Simac Technik CR AS was increased from 60 to 80% in December. During the financial year, Simac also expanded its interest in Treams Group bv from 10 to 17%.

Net turnover

Net turnover falls by 8.6%, from € 276.3 million to € 252.4 million. This decrease occurs in the sale and installation of goods and other services. Turnover for service and management contracts on the other hand, rises by 4.9%, from € 90.3 million to € 94.7 million. The decrease in other services is related to the termination of a secondment assignment and is not related to COVID-19. Project turnover falls by 8.9%, from € 143.0 million to € 130.3 million.

Net turnover per category	2020	2019
Sale and installation of goods (including projects)	130,314	142,999
Service and management contracts	94,736	90,344
Other services	27,392	42,971
	252,442	276,314

Turnover is declining in all three operating business segments. At Information Technology Netherlands, it rises from € 137.1 million to € 123.5 million, a decrease of 10.0%. Turnover at Information Technology abroad decreases by 7.3% from € 100.7 million to € 93.3 million and at Smart Solutions by 3.3%, from € 38.9 million to € 37.6 million.

Net turnover per business segment	2020	2019
Information Technology Netherlands	123,515	137,194
Information Technology abroad	93,332	100,680
Smart Solutions	37,592	38,894
Holding and eliminations	-1,997	-454
	252,442	276,314

Group sales are eliminated within the relevant segment as much as possible. The increased eliminations in 2020 are partly related to services provided by Smart Solutions to Information Technology Netherlands.

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 € 122.4 million (2019: € 125.4 million). The gross profit percentage compared to turnover increases from 45.4 to 48.5%. This increase must be seen within the context of decreased 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 2.3%, from € 80.4 million to € 82.3 million. As a percentage of turnover, personnel expenses rise from 29.1 to 32.6%.

A sum of € 66.9 million (2019: € 65.2 million) is accounted for by wages and salaries. A sum of € 15.4 million (2019: € 15.2 million) is accounted for by social security and pension contributions. Social security and pension contributions as a percentage of wages and salaries amount to 23.0% (2019: 23,2%).

The increase in personnel expenses is partly due to the expansion of the workforce. The average number of employees (FTE) increases by 48, from 1,063 in 2019 to 1,111 in 2020. The average number of employees in the Netherlands at the end of the financial year is 1,128 (2019: 1,123). Periodic and incidental wage rises have also been processed.

The number of temporary staff during the financial year was 161 (2019: 224).

Other operating expenses

Other operating expenses fall from € 30.4 million to € 28.4 million. € 1.0 million of this decrease is related to car and travel costs. This is a result of a rise in working from home and reduced travel as a result of the COVID-19 pandemic. In addition, other personnel expenses, costs to sell and general costs decreased by € 0.3 million each.

Depreciation and impairment losses

The item of depreciation and impairments increases from € 3.5 million in 2019 to € 3.8 million in 2020. Intangible fixed assets were amortized by € 1.9 million (2019: € 1.7 million) and tangible fixed assets were depreciated by € 1.9 million (2019: € 1.8 million). Amortization of intangible fixed assets mostly relates to goodwill on acquired subsidiaries and operations that have been taken over.

Financial income and expenses

The balance of financial income and expense consists of € 0.6 million (2019: € 0.1 million) from the share in the results of non-consolidated participating interests and for € 0.1 million (2019: € 0.1 million) from the balance of interest charges and income. The result from participating interests for the financial year impacted positively by a subsequent payment (earn out) on the sale of the interest in Genexis Holding bv in 2018.

In the financial year, long-term receivables were depreciated by € 2.3 million (2019: € 1.6 million). This depreciation relates to the financing of non-consolidated participating interests.

Income taxes

The effective tax on profits expressed as a percentage of the pre-tax group result rises from 21.7% to 28.1%. Excluding the effect of non-tax offsettable goodwill amortization, the effective tax burden amounts to 22.9% (2019: 18,4%).

A sum of € 0.4 million (2019: € 1.3 million) out of that tax burden of € 2.1 million (2019: € 2.1 million) relates to the realization of deferred tax assets.

Amounts in thousands of Euros

The current income tax for the financial year amounts to € 1.7 million (2019: € 1.5 million). A total of € 0.8 million (2019: € 0.4 million) of this is accounted for by Dutch corporation tax and € 0.9 million by foreign tax jurisdictions (2019: € 1.1 million).

Financial position

The condensed consolidated balance sheet is as follows:

Condensed consolidated balance sheet	2020	2019	Change
Intangible fixed assets	8,521	5,353	3,168
Tangible fixed assets	8,829	6,611	2,218
Financial fixed assets	8,026	9,823	-1,797
Deferred tax assets	68	426	-358
Fixed assets	25,444	22,213	3,231
Inventories and work in progress	3,910	2,898	1,012
Receivables	72,743	79,939	-7,196
Investments	226	219	7
Liquid assets	25,056	20,208	4,848
Current assets	101,935	103,264	-1,329
Total assets	127,379	125,477	1,902
Group equity	55,293	53,395	1,898
Provisions	3,242	3,515	-273
Long-term liabilities	95	112	-17
Short-term liabilities	68,749	68,455	294
Total commitments	72,086	72,082	4
Total liabilities	127,379	125,477	1,902

Total assets rise by € 1.9 million, from € 125.5 million to € 127.4 million. Fixed assets fall by € 3.2 million, from € 22.2 million to € 25.4 million. On balance, this increase relates to capitalized goodwill on acquisitions. Current assets fall by € 1.3 million, from € 103.2 million to € 101.9 million. The most important changes are the decrease in receivables by € 7.2 million and the increase in liquid assets by € 4.8 million.

In liabilities, the most important change relates to the increase in group equity of € 1.9 million, from € 53.4 million to € 55.3 million.

Amounts in thousands of Euros

The financing analysis below shows that the surplus of available long-term financing compared to fixed assets has decreased from € 34.8 million to € 33.2 million. The investments in fixed assets of € 3.2 million are financed for € 1.9 million through an increase in group equity.

The investment in working capital falls by € 6.0 million, from € 14.6 million to € 8.6 million. The cash position (balance of liquid assets and credit institutions) rises by € 4.4 million and at the end of the financial year, this is € 24.6 million (2019: € 20.2 million).

Financing analysis	2020	2019	Change
Available long-term financing	58,629	57,021	1,608
Less: fixed assets	-25,444	-22,213	3,231
Financing surplus	33,185	34,808	-1,623
Working capital	8,605	14,600	-5,995
Cash position (liquid assets and credit institutions)	24,580	20,208	4,372
Use of the financing surplus	33,185	34,808	-1,623

The fixed assets at year-end 2020 amount to € 25.4 million (2019: € 22.2 million). Intangible fixed assets fall by € 3.2 million, from € 5.3 million to € 8.5 million. Goodwill of € 5.1 million has been capitalized due to the acquired majority interest in Phi Data NV and the expansion of the interests in aQuestora bv and Simac Technik CR AS. Depreciations during the financial year amount to € 1.9 million.

Net investments in tangible fixed assets amount to € 1.8 million (2019: € 2.6 million), whereas total depreciations are € 1.8 million (2019: € 1.8 million). Due to the new aQuestora and Phi Data consolidations, tangible fixed assets increase by € 2.3 million. Other changes amount to € -0.1 million. The carrying amount of tangible fixed assets shows a net increase of € 2.2 million, from € 6.6 million to € 8.8 million.

Financial fixed assets fall by € 1.8 million, from € 9.8 million to € 8.0 million. The carrying amount of non-consolidated participating interests remains on balance, at € 1.5 million.

The carrying amount of financing of participating interests rises by € 0.2 million, from € 1.2 million to € 1.4 million. Financing amounting to € 2.8 million was provided during the financial year. The effect of new consolidations amounts to € -0.6 million. Based on the development of the net asset value of participating interests, € 2.0 million is anticipated. At the end of the financial year, the nominal value of financing was € 4.1 million, of which € 2.7 million is anticipated.

Receivables from shareholders fall by € 2.6 million, from € 6.2 million to € 3.6 million. During the financial year, € 2.6 million was repaid.

Amounts in thousands of Euros

At year-end 2020, the balance of deferred tax assets amounted to € 0.1 million (2019: € 0.4 million) and relates to temporary valuation differences at Simac Technik CR AS. At the end of the financial year, the remaining offsettable losses in the Netherlands amount to € 1.5 million, with a nominal tax value of € 0.4 million. This concerns pre-incorporation losses that cannot be offset within the tax entity and, due to the uncertainty about timely realization, are not valued.

Current assets fall by € 1.3 million, from € 103.2 million to € 101.9 million. The most important changes are the decrease in receivables by € 7.2 million and the increase in liquid assets by € 4.8 million. The decrease in receivables mainly concerns trade receivables, which, under the influence of the turnover development, decrease from € 62.1 million to € 55.7 million.

At the end of the financial year, the carrying amount of inventories amounts to € 2.9 million (2019: € 2.9 million). The gross value amounts to € 4.7 million (2019: € 4.6 million) for which a provision has been recorded of € 1.8 million (2019: € 1.7 million). The net value of work in progress amounts to € 1.0 million and consists of the balance of capitalized costs of € 18.6 million and invoiced installments of € 17.6 million.

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

Group equity rises by € 1.9 million, from € 53.4 million to € 55.3 million. The group result after taxes for 2020 amounts to € 5.3 million, of which € 4.7 million is attributable to shareholders of Simac Techniek NV. Dividends paid in the financial year amount to € 2.6 million, of which € 2.2 million is attributable to shareholders of Simac Techniek NV. At the end of the financial year, shareholders' equity amounts to € 53.0 million (year-end 2019: € 50.7 million) and the minority interest € 2.3 million (2019: € 2.7 million).

Provisions at the end of the financial year amount to € 3.2 million (2019: € 3.5 million). As at the balance sheet date, € 1.4 million of the provisions item relates to employee benefits, € 1.0 million relates to financing obligations and € 0.8 million relates to reorganization and other provisions.

Short-term liabilities rise by € 0.2 million, from € 68.5 million to € 68.7 million. Other payables, accruals and deferred income rise by € 2.3 million and credit institutions by € 0.5 million. Trade payables decrease by € 0.9 million and taxes and social security contributions by € 0.2 million.

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

Summary of cash flows	2020	2019	Change
Cash flow from operating activities	16,824	12,961	3,863
Cash flow from investing activities	-10,033	-3,036	-6,997
Cash flow from financing activities	-2,920	-4,116	1,196
Change in cash	3,871	5,809	-1,938

Amounts in thousands of Euros

Despite the fall in operating result from € 11.2 million to € 8.9 million, the cash flow from operating activities rises by € 3.9 million, from € 13.0 million to € 16.8 million. This can mainly be attributed to the positive change in working capital of € 6.0 million in 2020 compared to € 0.8 million negative in 2019.

The cash flow from investing activities for 2020 amounts to € -10.0 million (2019: € -3.0 million). The cash effect of acquired or expansion of capital interests in aQuestora bv, Phi Data NV and Simac Technik CR AS amounts to € -7.6 million. € 1.0 million in cash was acquired from these acquisitions. The balance of investments/disinvestments in tangible fixed assets amount to € 1.8 million (2019: € 2.3 million). The balance of issued loans and funds lent, minus repayments from outstanding loans is € -1.0 million (2019: € 1.2 million).

The dividend of € 2.6 million paid in the financial year (2019: € 3.6 million) is included in the cash flow from financing activities. A sum of € 2.2 million of the dividend paid in 2020 benefited the shareholders of Simac Technik NV. The remainder of € 0.4 million relates to minority shareholders of Simac Technik CR AS.

Long-term overview

The figures in the multi-year overview are derived from the relevant financial statements.

Results	2020	2019	2018	2017	2016
Net turnover	252,442	276,314	258,619	223,151	202,515
Sale and installation of goods	130,314	142,999	139,753	119,621	110,943
Service and management contracts	94,736	90,344	86,947	81,000	72,362
Other services	27,392	42,971	31,919	22,530	19,210
Gross profit	122,383	125,426	119,586	104,321	92,695
In % of turnover	48.5%	45.4%	46.2%	46.7%	45.6%
Operating result	8,864	11,159	13,088	10,336	6,144
In % of turnover	3.5%	4.0%	5.1%	4.6%	3.0%
Result after taxes	4,668	7,047	10,883	7,767	10,017
In % of turnover	1.8%	2.6%	4.2%	3.5%	4.9%
Average number of employees (FTE)	1,111	1,063	986	937	890

Amounts in thousands of Euros

Results per employee	2020	2019	2018	2017	2016
Net turnover	227	260	262	238	228
Gross profit	110	118	121	111	104
Wages and salaries	60	61	62	55	57
Operating result	8	10	13	11	7

Financial position	2020	2019	2018	2017	2016
Fixed assets	25,444	22,213	23,514	20,843	20,453
Current assets	101,935	103,264	95,840	78,749	66,777
Total assets	127,379	125,477	119,354	99,592	87,230
Group equity	55,293	53,395	49,189	39,829	33,772
Provisions	3,242	3,515	2,114	1,604	1,599
Long-term liabilities	95	112	164	-	23
Short-term liabilities	68,749	68,455	67,887	58,159	51,836
Total liabilities	127,379	125,477	119,354	99,592	87,230
Current assets -/- short-term liabilities	33,185	34,808	27,953	20,590	14,941
Cash position	24,850	20,808	13,556	13,493	5,562
Cash flow from operating activities	16,824	12,960	7,172	12,418	7,542
Cash flow from investing activities	-10,033	-3,035	-5,625	-2,352	1,563
Dividends paid	-2,625	-3,572	-2,549	-2,172	-806
Group equity in % of total assets	43.4%	42.6%	41.2%	40.0%	38.7%

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 2020, per unit.

Information Technology Netherlands

Simac IT NL

At the end of 2019, four operating companies merged into one company, Simac IT NL. Simac IT NL started 2020 full of energy and ambitions. Suddenly, the corona outbreak accelerated everything. The digital transformation that is at the top of the management agenda everywhere suddenly became real.

Continuity and availability of the IT systems were crucial last year, perhaps even more so than usual. Digitization makes organizations more agile and resilient, qualities that are increasingly important in a rapidly changing world. Simac IT NL was ready, both in terms of support for its customers and its internal organization. Almost effortlessly, a large-scale switch to home working and remote support was made. Simac IT NL was able to handle peak pressures at a number of customers.

It reinforced the vision that the power of Simac IT NL really comes into its own in an integrator role with customers. The organization provides the team and technology solutions that enable customers to be at the forefront of their industry.

Despite a year dominated by COVID-19, the results were stable and good. We have a solid foundation that serves as the basis for continuous innovation. New customers were welcomed in all sectors in 2020. In healthcare and industry in particular, a few big names opted for solutions from the entire breadth of the Simac IT NL portfolio. Important efficiency and quality improvements were made internally within a number of crucial processes and many talented young people were recruited.

Simac IT NL's ambitions will remain high for 2021 as well. The organization wants to be and remain the best integrator in the Netherlands. It is part of an ecosystem of customers, large vendors and other stakeholders. The goal is and remains to work with these stakeholders to translate technology into optimal business value for its customers.

Aranea

Aranea has been a part of Simac since 2019. 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. In 2020, Aranea reaped the benefits of the research it carried out in 2019 into a digital strategy for collaborating healthcare institutions in its own region.

How can we, as a healthcare institution, work efficiently in the chain in the long term? How can we as an institution start with this now and benefit from it in the workplace? Aranea developed its services strongly on these two issues in 2020. It also strengthened its strong position in the digital transformation of multinationals and other innovative companies.

Both roles will be continued in 2021. There are also great challenges ahead in, among other things, retail, where Aranea will give Artificial Intelligence more body in a collaboration within the Simac family.

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 had a good year, despite a slightly wait-and-see attitude of the market in the spring. The synergy between the four domains in which the company is active has clearly started to pay off.

The year 2020 confirmed that the strategy of Simac ICT Belgium was right: big names opted for the 'proximity' of the company in combination with high-quality expertise. The synergy of the collaboration has therefore given the company a lot of strength across the board, both towards existing and new customers. The collaboration with Phi Data (also from Belgium), which became part of Simac in 2020, will increase that strength even more. This offers new opportunities, but also new challenges: Simac will have to compete on a more international level. But with Teamnology as a medium of the culture and a focus on innovation, with both new service models and product solutions, the company is ready for that.

Integration offers ICT services in a broad area: from upgrading and maintaining the ICT infrastructure to security and from data center management to IoT. Despite COVID-19, 2020 was a good year, partly because we stayed close to the customer, both commercially and in terms of services. The year 2020 yielded many new customers. With new, young people on board, Integration expects to continue the line of growth that started in 2021.

Business Management Solutions specializes in providing insight into networks and data. It experienced strong growth in 2020. This can partly be attributed to the earlier alliance with Wavetel from France, which can be described as particularly successful. It put BMS firmly on the map in France, with several new customers with big names.

For 2021, BMS expects to be able to strengthen its position in France. In addition, it is also explicitly focusing on the Netherlands, Germany - where in addition to a technical team, a commercial team is also set to work - and some Eastern European countries.

Professional Services supplies senior engineers, consultants and project leaders for long-term ICT projects in Belgium. It experienced unprecedented growth in 2020 and passed the milestone of 100 employees. This growth is partly due to the introduction of Project-Based Services, where it already enters the start of a challenge with customers. In 2021, it wants to retain and expand the energy that typified the organization in the past year. With new people and new services, such as Customer Saving as a Service, which means customers make considerable cost savings by entering the quotation phase with a critical and creative eye.

Cabling & Infrastructure did good business in 2020. It secured a big new client. To guarantee continuity and to continue to do so in the future, our own organization was given a new form, in line with that of a service company. Cabling & Infrastructure transformed from a flat structure into an organization with distributed responsibilities. This provides a solid foundation for the expected growth in 2021.

Wavetel

Wavetel wanted to become a major player in IT performance and visibility in France. The company has succeeded in this set-up, thanks to the intensive collaboration with Simac since 2018.

Wavetel has built up considerable expertise in developing and delivering innovative solutions in IT performance and visibility, in telecommunications and optical testing solutions. Yet a new and promising era awaits. Thanks to the previous merger with Simac, it has not only gained a wealth of experience, but also new resources and opportunities to implement high-quality monitoring solutions and provide professional services to customers. Wavetel and Simac have invested heavily in French market development. A new team has been set up in Paris to provide expertise and services with high reactivity. It continues its wide range of activities and provides testing solutions for telecommunication companies, ISPs and labs. In addition, it develops its own products with strong expertise in high-speed data collection. All these campaigns yielded a number of prestigious new customers and led to significant growth in turnover.

Wavetel expects to further expand its portfolio in France in 2021 and to continue with the integration into the Simac group. It also wants to expand its business in solutions for the cybersecurity market and develop new technologies based on artificial intelligence.

Simac ICT Czech Republic

Simac increased its interest in Simac ICT Czech Republic at the end of 2020. The company had a stable year, in practice, it has been working closely with the companies in the Netherlands and Belgium for many years and with spin-off Passengera, it has a strong asset in a new market.

The financial year in the Czech Republic starts in April and thus coincided with the outbreak of COVID-19 in parts of Europe. This did affect Simac, albeit to a limited extent. In consultancy, some customers stepped on the brakes, but in system and network integration, the company performed according to forecast. A contract was even signed with the largest customer, Skoda, to expand the services in the coming years.

One of the goals for 2021 is to intensify cooperation within Simac and to undertake even more together, for example, the development of Smart City solutions. With the experience in Prague, Simac ICT Czech Republic already plays a pioneering role in that field. In the past, the activities of

Simac in the Czech Republic led to various spin-offs. One of them is Passengera. This is one of the few companies in the world that specializes in information and entertainment platforms in public transport. The company already had a branch in Dubai and signed a contract in Saudi Arabia for the first time in the summer of 2020. Together with Simac, it will equip 200 metros in Riyadh with hardware and software to offer travelers information and entertainment on the road.

Simac PSF

How do we switch to the cloud? And will we do it fully or hybrid, in combination with our own servers? Simac PSF in Luxembourg helps companies with that issue and with preparing and guiding the organization to the cloud. After a slight dip in the spring, work picked up strongly from the summer months onwards. Simac PSF increased its market share in 2020, with a few new customers in banking, healthcare and industry.

Simac Professional

In 2020, the Luxembourg IT consultancy company Simac Professional succeeded in strengthening its expertise and winning prestigious contracts. They stepped into recruitment & selection more actively than ever, after securing several large projects. A Field Service Management partnership with a major customer was expanded for the entire Benelux, the IT contract for the European Parliament in Luxembourg was signed and a global player in IT chose Simac for Field Service Management and the supply of hardware repairs. Simac Professional looks ahead with confidence.

Phi Data

Phi Data has been part of Simac since December 2020. The Belgian ICT company was set up in 1981 and is experiencing a promising year. The company specializes in optimizing and visualizing business processes. To achieve this, it uses Smart Edge solutions: the 'smart edge' between IT and the workplace. These are solutions for supply and production chains, equipment management and compliance with regulations and safety. Examples include software on portable terminals, scanners, label printers, RFID tags, etc. The company is active in the industry, healthcare, logistics and government.

In the past year, the innovative company developed a safety distance tag, among other things. This warns people if they come too close to a colleague. The first international order was placed by a company with about 25,000 FTE and accounts for about 20% of the turnover. The tag is now being further developed for other applications in visibility and safety on the work floor, such as for forklift trucks. Simac believes Phi Data can spread the former's know-how more widely in the market.

Phi Data's financial year runs from summer to summer. In the past financial year, the results were slightly lower than the year before due to the impact of COVID-19. However, the result was positive. This financial year will again show good growth, partly due to the tag order. Interesting synergies are also on the horizon with the merger with Simac.

Smart Solutions

Simac Document Solutions

Simac Document Solutions offers solutions to process forms and invoices automatically. In 2019, the company in Ede experienced the best year in its 25-year history. This growth continued in the past year. In 2020, the company gained more new customers than ever. These are companies that want to digitize all their processes involving data and documents; often in the cloud. This growth has come about autonomously, but also partly due to the merits of partners who have integrated the solutions of Simac in their ERP products.

One of the pillars of the company is an incredibly loyal customer base: some companies have been customers from the start. In 2020, a large customer in the automotive industry, with a dealer network throughout the Netherlands, extended the contract for five years. That expresses confidence. The transition from on-premise to the cloud is developing at a rapid pace and will become the standard for many companies in the future. Simac Document Solutions invested in its own solutions in 2020, also to further robotize processes. Thanks to extra consultants, everything is under control and the organization is ready to let customers take the next step.

Simac Triangle

Simac Triangle laid an excellent foundation in 2020. The Managed Print Services business unit secured big new names in the USA. In the Social Domain business unit, there was a lot of interest in the renewed application portfolio in Social Work and Welfare and Privacy Management.

The Managed Print Services unit took two important steps. The first is to launch an application that will help resellers of HP and Xerox printing equipment across the USA to offer their customers a customized service. The second step is to tap into a new market segment: label printers. One first big name in the USA is now a customer.

With the second business unit, Simac Triangle focuses on the social domain. It does this with the Central Station and PIMS applications. The first had a stable year, with little movement in the market due to COVID-19. The second is a privacy management system that was launched in 2019. It was expanded in 2020 with a Risk & Compliance module and was very well received in the market.

In 2020, a solid foundation was laid in both business units to continue in the new year. Expectations are therefore high, especially now that organizations, both nationally and internationally, seem to have regained their confidence in the future.

Simac Electronics

The year 2020 was to mainly be a year with some tough challenges for Simac Electronics, such as the long-awaited go-live of the new ERP system. Those challenges turned out well: the company had a year with excellent results and several attractive new customers.

Simac Electronics designs and supplies the fiber optic and RF connections for networks. In addition, it calibrates and maintains more than 10,000 instruments for welding, testing and measuring connections in the Benelux. In 2020, Simac Electronics invested in the sales organization. People were hired and the company has started working with account teams to give large customers an even more comprehensive customized service. This contributed to the acquisition of two large customers and the extension of the long-term contract with another large customer.

This year, Simac Electronics expects to reap further benefits from the investments in its own organization. It has some major orders ahead and a first: it will be the first in the world to automatically calibrate with even higher accuracy.

Simac Masic

Last year, Simac Masic paid the price for the unprecedented growth in recent years. Although turnover still increased in 2020, the result lagged behind. The new year is therefore partly dominated by working on our own organization.

In 2020, the organization was under a lot of pressure. The order book was bursting at the seams. By hiring another ten people, the machine builder in Heerlen, with many customers in the pharmaceutical industry, hoped to be able to take the pressure off. Due to setbacks and delays, this succeeded only partially. The generally constant distribution branch also suffered a setback. Mechanical manufacturing did grow, albeit less rapidly than anticipated.

In 2019, a prominent Japanese company ordered a machine outside its own country for the first time in its history. From Simac Masic. The company is proud that this company placed a repeat order last year. A second Japanese company has also ordered a machine from Simac Masic.

The year 2021 will be all about growing and working on our own organization. 'Masic in Motion', as the change process has been dubbed, must lead to a good flow in the operation and thus to some calm. New people will join. Also because for this year, turnover is expected to grow.

Simac QuadCore

Simac QuadCore has lived up to expectations in 2020. It is true that the market has developed slightly differently than anticipated due to COVID-19, but the industrial automation company within the Simac family has managed to respond well to this.

The expectation was that 'Industry 4.0' would definitely take off. The unit was expected to familiarize itself with the collection and analysis of data to take targeted actions. Although the attention for IOT and Industry 4.0 grew, they have not yet been definitively 'embraced' by the slightly conservative market. Simac QuadCore is active in many segments, including Automotive, Mechanical Engineering, Food & Beverage, Water and Environmental Technology, Transport & Logistics and Storage and Transshipment. Some of these market segments experienced stabilization or decline, mainly because international business traffic was (partly) closed. In others, the company expanded its portfolio, such as in Food and Water Technology.

All in all, 2020 showed modest growth in the result and that is also the expectation for 2021. Although experience has taught us that the industry lags behind after a crisis, the customer base is

expected to expand. Industry 4.0 will not be a priority yet, but Simac QuadCore has trained its engineers in recent years and is ready to take this step with its customers.

Simac IDS

In 2020, Simac IDS refined its proposition towards education. For example, the company has made its ID solutions modular. The company expects to reap the benefits this year.

Simac IDS supplies solutions for personal identification and registration and for access experience. Several projects were temporarily halted due to the absence of visitors to holiday parks. The time that became available was used to adapt and expand the platform for access experience and to position the ID solutions within the education sector in a modular way. The renewed proposition puts the company more prominently on the map in the education sector, as has already been shown. It has since won the only major tender in England for a university with more than 25,000 users. That order will be completed in 2021. In the Netherlands, Simac IDS already set up the intake module at a large ROC in 2020.

Putting projects on hold resulted in revenue expectations for 2020 being adjusted downwards halfway through the year. Subsequent investments to detail the solutions by target group - and the first results that have already been achieved with them - offer good prospects for growth.

Simac Learning Solutions

One of the youngest members of Simac has reinvented itself in 2020, with a run-up in 2019. The organization is now ready for the future. The year 2021 must again bring the first success for Simac Learning Solutions. The first step has now been taken.

Simac Learning Solutions develops and markets e-learning products and its own digital learning environment. Its customers include educational institutions, businesses and trade associations. The year 2020 was dominated by upgrading the digital learning environment. LearningBOX CX has become the user-friendly environment with a powerful tool for authors to create, manage and share content.

LearningBOX CX will be widely marketed in 2021. To this end, the company will enter into a collaboration with MK Education in February 2021. Simac Learning Solutions offers its customers a complete solution in this collaboration: from educational advice in e-learning and the design and development of new e-learning courses to the design and use of the digital learning environment. In 2019 and 2020, the organization was prepared and the products and services expanded. With the strategic collaboration with MK Education, Simac Learning Solutions is ready to make 2021 a success.

Personnel and organization

On 31 December 2020, the number of fulltime employees at Simac amounted to 1173 (year-end 2019: 1123). During the year under review, an average of 1111 employees was employed on a fulltime basis, compared to 1063 in 2019. The average number of employees in the Netherlands is 842 (2019: 788) and 269 abroad (2019: 275). During the financial year, an average of 161 (2019: 224) FTE were hired.

The average sickness absence level in the Netherlands, exclusive of maternity leave, is 3.6% (2019: 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.

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, 2020 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

As in 2020, the consequences of the COVID-19 pandemic will be a determining factor, with major consequences for the economy and society. Based on the experiences and developments gained in 2020, Simac nevertheless looks to 2021 with confidence.

Over the past year, employees and management have managed to deal flexibly with the challenges that arose. The board of directors is confident that the organization will be able to continue this in 2021. With various measures (including a home-working allowance and special care leave), Simac will continue to facilitate employees in the (home) performance of their job and with attention to their private situation. As in the past year, Simac will regularly ask employees about their experiences, problems and challenges in this COVID-19 era.

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. How we treat the environment will be a theme of increasing importance. For Simac, this means further development of energy-efficient or green IT services. That is why Simac is ISO 50001 (Energy Management) certified.

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 2021.

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. We also expect a stronger focus on data and information security. Simac has adopted and certified ISO 27001 (Information Security) as standard. This means we take into account further investments in security, whereby an acquisition is not excluded.

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 security, the healthcare market and the social domain. Part of the available cash resources will be used for the continued self-financing of the leased fleet.

In 2021, 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.

Veldhoven, 16 March 2021

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.

A particular business risk concerns the potential consequences of the ongoing COVID-19 pandemic. The experiences during the 2020 financial year have shown that the consequences for Simac are manageable. Although net turnover and result have decreased, Simac continues to perform positively and the board of directors currently has no indications that the COVID-19 risk will lead to significantly different consequences in 2021. It is also important that Simac's financial position offers a good starting position to absorb setbacks.

Practice has shown that Simac's operational organization offers sufficient flexibility to switch effectively and efficiently to working from home. Simac periodically makes an inventory among employees about experiences and problems regarding working from home. Services to customers were adequately performed in 2020. The consequences of lockdowns announced by the Dutch government have been manageable for Simac so far.

Furthermore, reference is also made to note 19 of the explanatory notes to the consolidated financial statements, which give a more detailed explanation of the credit, liquidity and market risks. It also further explains the COVID-19 risk.

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 necessary.

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 2020 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 85 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 82 of this report.

During the year under review, the supervisory board met six times. Due to the COVID-19 pandemic, the meetings were partly held digitally. The 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. From April onwards, attention was paid to the consequences of the COVID-19 pandemic for Simac and mitigating measures taken.
- Discussion of the audit report on the audit for the 2019 financial year.
- The budget, both consolidated and per operating company, for 2020.
- Discussion of developments in Simac's liquidity position and scenarios for alternative uses.
- Developments per operating company are in some cases monitored closer as directors present their operating companies and are asked questions during the meetings. For example, the Multi-Cloud strategy of Simac IT NL was presented and explained.
- Proposed acquisitions. In the financial year, this concerned the following transactions:
 - Expansion of the interest in Simac Technik CR AS from 60 to 80%
 - Acquisition of 70% interest in Phi Data NV (Belgium)
 - Expansion of the interest of aQuestora bv from 50 to 85%
- Developments in non-consolidated participating interests. Among other things, attention was paid to the developments at Centrale 24 Techniek, Passengera and Chess Wise.
- 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 2020, 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.

During the financial year, a need arose at Centrale 24 Techniek bv for a new executive position. To this end, both shareholders of this company have appealed to Mr HPM Kivits to take over the management of Centrale 24 ad interim for a period of six months, which will end on 1 April 2021.

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.

Before the publication of the financial statements, the audit committee inspected the provisional BDO audit report for the 2019 financial year. Compared to the presented internal figures, no adjustments of material significance were made and no matters of material significance have affected Simac's results or financial position. The report was subsequently explained by the auditors during the meeting of 24 June 2020 and any questions of the audit committee were answered satisfactorily.

Following the audit of the 2019 financial year, the audit committee was actively involved in the evaluation. This evaluation led to the decision to propose to the meeting of shareholders to appoint BDO Audit & Assurance bv as auditors for the year 2020.

The audit committee was actively involved in the discussion of the audit approach for the 2020 financial year. These consultations were held with BDO on 21 October 2020 and were partly attended by the CFO. During these discussions, attention was also paid to preparations for the planned implementation of a new ERP system for the largest operating company.

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. During the financial year, the committee was informed of developments in executive positions at operating companies. Simac is entering a phase in which succession will be required for several operating companies.

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 is aimed at assessing to what extent the current remuneration and career system is in line with market conditions and future-proof.

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. On 25 November 2020, the full supervisory board and board of directors had a digital meeting with the directors of the operating companies. The supervisory board explained how the process for the succession of the current CEO will be implemented. During this meeting, Eric van Schagen confirmed his intention to hand over the baton on 1 October 2023, preferably to a member of the family.

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 the board of directors and management, the employees and the works council for their hard work in 2020. In the light of the COVID-19 crisis, which has dominated society from March, this financial year was closed profitably, partly thanks to their efforts.

A very big compliment to everyone who commits himself to Simac every day. In particular, the great flexibility shown by employees in the sudden and almost complete switch to working from home has contributed to the continuation of the service to customers and thus another successful year for Simac.

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 2021

SIMAC FINANCIAL STATEMENTS

Consolidated financial statements of 2020

Amounts in thousands of Euros

Consolidated balance sheet before profit appropriation

as at 31 December 2020 (2019)

ASSETS	Note	2020	2019
Intangible fixed assets	3	8,521	5,353
Tangible fixed assets	4	8,829	6,611
Financial fixed assets	5	8,026	9,823
Deferred tax assets	6	68	426
Fixed assets		25,444	22,213
Inventories	7	2,927	2,898
Work in progress	8	982	-
Trade receivables	9	55,689	62,117
Other receivables, including prepayments	10	17,055	17,822
Investments	11	226	219
Liquid assets	12	25,056	20,208
Current assets		101,935	103,264
Total assets		127,379	125,477
LIABILITIES	Note	2020	2019
Equity		52,958	50,674
Third-party interest		2,335	2,721
Group equity	13	55,293	53,395
Provisions	14	3,242	3,515
Long-term liabilities	15	95	112
Credit institutions	16	476	-
Financial lease obligations	15	68	60
Work in progress	8	-	1,418
Trade creditors		24,160	25,018
Taxes and social security contributions	17	7,118	7,375
Other payables, accruals and deferred income	18	36,927	34,584
Short-term liabilities		68,749	68,455
Total liabilities		127,379	125,477

Amounts in thousands of Euros

Consolidated profit and loss account

for the financial year ending on 31 December 2020 (2019)

	Note	2020	2019
Net turnover	21	252,442	276,314
Changes in work in progress		2,400	-42
Other operating income	22	888	82
Sum of operating income		255,730	276,354
Subcontracted work and other external costs		132,459	150,846
Wages and salaries	23	66,891	65,239
Social security and pension contributions	23	15,377	15,165
Amortization of intangible fixed assets	3	1,937	1,732
Depreciation of tangible fixed assets	4	1,848	1,798
Other operating expenses	24	28,354	30,415
Total operating expenses		246,866	265,195
Operating result		8,864	11,159
Share in the result of non-consolidated participating interests	5	640	134
Interest income and similar income		125	208
Changes in the value of receivables included in fixed assets and of investments	25	-2,298	-1,565
Interest expenses and similar expenses		-8	-46
Financial income and expenses		-1,541	-1,269
Result from ordinary business operations before taxes		7,323	9,890
Taxes result from ordinary business operations	26	-2,054	-2,146
Group result after taxes		5,269	7,744
Third-party interest	13	-601	-697
Result after taxes		4,668	7,047

Amounts in thousands of Euros

Consolidated statement of cash flows

for the financial year ending on 31 December 2020 (2019)

Cash flow from operating activities	2020	2019
Operating result	8,864	11,159
<i>Restatements for:</i>		
Depreciation and impairment losses	3,785	3,523
Changes in provisions	-273	-214
Total of the restatements	3,512	3,309
<i>Changes in working capital:</i>		
Inventories	539	-303
Work in progress	-2,400	42
Trade receivables	9,654	2,303
Other receivables, including prepayments	954	-2,805
Trade creditors	-2,081	577
Taxes and social security contributions	-1,018	45
Other payables, accruals and deferred income	380	900
Total of changes in working capital	6,028	759
Cash flow from business operations	18,404	15,227
Dividends and interest received	125	208
Interest paid	-8	-46
Income taxes paid	-1,697	-2,428
Cash flow from operating activities	16,824	12,961

The cash flow statement continues on page 39.

Amounts in thousands of Euros

Cash flow from investing activities	2020	2019
Investments of intangible and tangible fixed assets	-1,892	-3,575
Disinvestments of intangible and tangible fixed assets	76	818
Acquisition of capital interests	-7,582	-1,477
Disposal of capital interests	321	-
Loans issued, funds lent and securities	-997	-1,390
Repayments received on loans, funds lent	41	2,588
Cash flow from investing activities	-10,033	-3,036
Cash flow from financing activities	2020	2019
Dividends paid	-2,625	-3,572
Changes in equity and third-party interest	-250	50
Withdrawal or repayment of bank credit	8	-542
Repayments on other loans	-53	-52
Cash flow from financing activities	-2,920	-4,116
Change in cash	3,871	5,809
Cash movements	2020	2019
Balance at the end of the reporting period	25,056	20,208
Less:		
Acquisition of capital interests	977	301
Balance at the beginning of the reporting period	20,208	14,098
Change in cash	3,871	5,809

Explanatory notes to the consolidated financial statements

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

1. Consolidated accounting principles
2. Purchases and sales of group companies and participating interests
3. Intangible fixed assets
4. Tangible fixed assets
5. Financial fixed assets
6. Deferred taxes
7. Inventories
8. Work in progress
9. Trade receivables
10. Other receivables, including prepayments
11. Investments
12. Liquid assets
13. Group equity
14. Provisions
15. Financial lease obligations
16. Credit institutions
17. Taxes and social security contributions
18. Other payables, accruals and deferred income
19. Risks arising from financial instruments and COVID-19
20. Rights and obligations not included in the balance sheet
21. Net turnover
22. Other operating income
23. Personnel expenses
24. Other operating expenses
25. Changes in the value of receivables included in fixed assets and of investments
26. Taxes on profit
27. Related parties
28. 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 2020 financial year include Simac Techniek NV and its subsidiaries (jointly referred to as “Simac” or “the Group” and separately as the “group entities or group companies”) 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 includes the financial data of the group companies listed below. Unless stated otherwise, it concerns 100% interests.

Belgium:	Phi Data NV, Wemmel, 70%
	Simac NV, Kortenberg
	Simac Holding Belgium NV, Kortenberg
Germany:	Simac BMS GmbH, Cologne
France:	Wavetel SAS, Larmor Plage, 70%
Luxembourg:	Simac PSF SA, Leudelange
The Netherlands:	aQuestora bv, Eindhoven, 85%
	Aranea Consult bv, 's-Hertogenbosch
	hmb Nederland bv, Veldhoven
	Simac Beleggingen bv, Veldhoven
	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, Eindhoven
Czech Republic:	Simac Technik CR AS, Prague, 80%
United Kingdom:	Simac IDS Ltd., Manchester, 70%

Non-consolidated participating interests:

Luxembourg:	Simac Professional SA, Bascharage, 50%
The Netherlands:	Breedband Regio Eindhoven bv, Eindhoven, 3%
	Centrale 24 Techniek bv, Eindhoven, 50%
	Chess Wise bv, Haarlem, 46%
	GX International bv, Eindhoven, 15%
	Sensite Solutions bv, Eindhoven, 19%
	Treams Group bv, Eindhoven, 17%
	Vital10 Holding bv, Amsterdam, 10%
Czech Republic:	Passengera SRO, Prague, 27%
Sweden:	Inteno Group AB, Skärholmen, 4%

During the financial year, the following changes have occurred in the group structure:

- Expansion of the interest in Simac Technik CR AS from 60 to 80%
- Acquisition of 70% interest in Phi Data NV (Belgium)
- Expansion of the interest of aQuestora bv from 50 to 85%
- The company name hmb Holding bv was changed to Simac Beleggingen bv
- Simac Phobos bv and TLB Financiering bv were liquidated at the end of the financial year

Acquisitions of group companies and other participating interests are further explained in note 2.

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 ten 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 twenty 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 participation.

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.

Short-term liabilities

On initial recognition, short-term liabilities are stated at fair value. After initial recognition, short-term liabilities are stated at amortized cost. This is usually the nominal value.

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 and bonuses, 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.

Employee benefits

Wages, salaries and social security contributions are recognized in the profit and loss account on the basis of the terms and conditions of employment, insofar as they are owed to employees or the tax authority.

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

A deferred tax asset, including receivables based on 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 operational segments.

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 the Information Technology segment, operations in the Netherlands and abroad are reported separately on account of the relative turnover volume.

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. Upon the acquisition or sale of other (non-consolidated) capital interests, acquired liquid assets are adjusted for the movements in cash.

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, with the exception of translation differences on participating interests. These are accounted for in changes in equity and third-party interest.

Amounts in thousands of Euros

2. Purchases and sales of group companies and participating interests

On 21 December 2020, Simac acquired 20 shares of Simac Technik CR AS and as a result, the interest in this group company was increased from 60 to 80%. Because Simac Technik CR AS has already been included in the consolidation for this transaction, the expansion of the equity interest has no effect on the consolidation, except for the reduction of the third-party interest from 40 to 20% in the equity and result after taxes of this group company.

On 23 December 2020, 38,500 shares representing a 70% interest in Phi Data NV were acquired. Simac has made arrangements in an option agreement between the parties about the future acquisition of the remaining 30% of the shares. The exercise price for these shares depends on the future development of the margin and the operating result before depreciation. Simac will be able to acquire these shares no later than 1 September 2025. Simac has not made any provision for obligations arising from future exercise of the option.

On 30 December 2020, Simac acquired an additional 6,300 shares in aQuestora bv and thus expanded its interest in this participation from 50 to 85%. As a result, the equity interest in aQuestora is no longer recognized as a participating interest from the transaction date, but as a group company.

The total of the purchase prices paid, all three of which were paid from the cash position on the transaction date, amounts to € 7,582, of which € 5,099 is recognized as goodwill.

Recapitulation of consolidation effects	aQuestora bv	Phi Data NV	Other effects	Effect on consolidation
Fixed assets	2,020	268	-	2,288
Current assets	275	3,704	-	3,979
Liquid assets	443	1,234	-700	977
Third-party interest	243	475	-1,091	-373
Long-term liabilities	-	23	-	23
Short-term liabilities	672	3,601	-	4,273

At aQuestora, the consolidation effect is based on the basis of loans provided by Simac. These have been eliminated in the consolidation.

For both Phi Data NV and aQuestora bv, due to the insignificant importance during the consolidation period in the 2020 financial year, no net turnover and other result items are recognized in the consolidated profit and loss account.

Amounts in thousands of Euros

In 2020, the interest in Treams Group bv was expanded from 10 to 17%. The purchase price was paid in cash. Following the sale of Genexis Holding bv in 2018, a subsequent payment (earn out) was received. This is recognized as a share in the result of participating interests.

3. Intangible fixed assets

Statement of movements	Goodwill	Other	Total 2020	Total 2019
Acquisition value	9,113	289	9,402	8,264
Cumulative depreciation	3,907	142	4,049	2,705
Carrying amount as at 1 January	5,206	147	5,353	5,559
Investments	-	-	-	29
Acquisition of subsidiaries	5,099	-	5,099	862
Acquisition of trading enterprise	-	-	-	490
New consolidation	-	8	8	194
Changes in acquisition value	5,099	8	5,107	1,575
Depreciation	1,887	50	1,937	1,732
New consolidation	-	2	2	49
Changes in cumulative depreciation	1,887	52	1,939	1,781
Acquisition value	14,212	297	14,509	9,839
Cumulative depreciation	5,794	194	5,988	4,486
Carrying amount as at 31 December	8,418	103	8,521	5,353

The acquisition of subsidiaries relates to identified goodwill on the following acquisitions:

- Increase of the interest in Simac Technik CR AS from 60 to 80%
- Acquisition of 70% of the shares of Phi Data NV
- Increase of the interest of aQuestora bv from 50 to 85%

Upon the acquisition of 70% of the shares of Wavetel SAS in 2019, 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.

Amounts in thousands of Euros

4. Tangible fixed assets

Statement of movements	Company buildings and grounds	Other fixed assets	Total 2020	Total 2019
Acquisition value	6,043	16,213	22,256	21,956
Cumulative depreciation	3,297	12,348	15,645	15,838
Carrying amount as at 1 January	2,746	3,865	6,611	6,118
Investments	132	2,261	2,393	2,990
Disinvestments	-	-484	-484	-2,836
New consolidations	-	6,469	6,469	91
Other changes	174	-53	121	55
Changes in acquisition value	306	8,193	8,499	300
Depreciation	468	1,380	1,848	1,798
Disinvestments	-	-408	-408	-2,419
New consolidations	-	4,217	4,217	37
Other changes	144	480	624	391
Changes in cumulative depreciation	612	5,669	6,281	-193
Acquisition value	6,349	24,406	30,755	22,256
Cumulative depreciation	3,909	18,017	21,926	15,645
Carrying amount as at 31 December	2,440	6,389	8,829	6,611

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, € 702 of other fixed assets relates to exchange parts (2019: € 602), € 1,015 (2019: € 1,101) to automation and € 2,811 (2019: € 599) to machinery and equipment.

Disinvestments of other fixed assets during the financial year are accounted for by exchange parts, machinery and equipment and automation. The net effect of new consolidations amounts to € 271 for Phi Data NV and to € 2,019 for aQuestora bv. At aQuastora, this concerns € 1,853 in machinery and equipment.

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

5. Financial fixed assets

	2020	2019
Non-consolidated participating interests	1,510	1,489
Receivables from participating interests	1,386	1,247
Receivables from shareholders	3,633	6,233
Other receivables	1,497	854
	8,026	9,823

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
		2020	2019		
Centrale 24 Techniek bv	Eindhoven	50%	50%	-1,540	-687
Chess Wise bv	Haarlem	46%	46%	-4,299	-1,115
Passengera SRO	Prague	27%	29%	-431	-217
Simac Professional SA	Luxemburg	50%	50%	618	195

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 is included on a 100% basis and based on internal reports of these participating interests as at 31 December 2020. Due to the joining of a new shareholder in 2020, Simac's interest in Passengera has been diluted from 29 to 27%.

In addition, Simac holds a number of participating interests <20% in which no significant influence is exercised on the operational and financial policy. This concerns Breedband Regio Eindhoven bv, GX International bv, Inteno Group AB, Sensite Solutions bv, Treams Group bv and Vital10 Holding bv. During the financial year, the interest in Treams Group bv increased to 17%.

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	Total
Changes in participating interests during the financial year	2020	2019
Balance as at 1 January	1,489	1,407
Acquisition of interests	100	-
Disposal of interests	-321	-
Group company identification	-406	-
Share in the result from participating interests	640	134
Translation differences	8	-16
Inclusion of the result on outstanding receivables	-	-36
Balance as at 31 December	1,510	1,489

On 30 December 2020, Simac acquired 6,300 shares of aQuestora bv, which increased its interest in this participation to 85%. As a result, aQuestora is recognized in the consolidated financial statements as a group company with effect from the transaction date.

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

Changes in receivables during the financial year	Participating interests	Shareholders	Other	Total 2020	Total 2019
Nominal balance as at 1 January	1,842	6,233	2,537	10,612	12,786
Provisions	2,845	-	652	3,497	1,390
Repayments	-	-2,600	-41	-2,641	-2,588
New consolidations	-555	-	33	-522	-
Other changes	-	-	-	-	-976
Nominal balance as at 31 December	4,132	3,633	3,181	10,946	10,612
Write-down of receivables	-2,746	-	-1,684	-4,430	-2,278
Carrying amount as at 31 December	1,386	3,633	1,497	6,516	8,334

Financing has been provided to non-consolidated participating interests. In the 2020 financial year, this largely concerns the accountability of loans to Chess Wise bv. These are loans attributable to Simac since the acquisition of this interest. Receivables from participating interests are partly stated on the basis of Simac's share in the net asset value and are recognized 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

Other receivables include a loan and funds lent with Leaseplan Nederland NV. This concerns self-financing of lease cars ordered in 2020. The residual value of this loan changes with the net invested amount per lease car.

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 other interest-bearing receivables from third parties.

6. 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:

	Total	Total
Deferred tax assets	2020	2019
Balance as at 1 January	426	984
Realization of deferred tax assets	-354	-1,281
Recognition of losses not valued previously	-	720
Valuation adjustment	-4	3
Balance as at 31 December	68	426

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:

	Total	Total
Statement of available losses and valuation at year-end	2020	2019
Offsettable losses in the Netherlands	1,517	2,544
Available losses	1,517	2,544
Less: non-valued losses	1,517	1,130
Valued losses	-	1,414
Valuation on the balance sheet at year-end	-	354

The offsettable losses in the Netherlands are pre-incorporation losses that cannot be offset within the tax entity. As at the balance sheet date, the entities concerned are unlikely to realize sufficient independent taxable profits in time. As a result, these losses have not been valued.

Amounts in thousands of Euros

Other deferred tax assets of € 68 (2019: € 72) consist of temporary differences between commercial and tax valuations and are attributable to Simac Technik CR AS.

Deferred tax liabilities

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

7. Inventories

	2020	2019
Trading stocks	4,727	4,616
Provision for unsaleable items	-1,800	-1,718
	2,927	2,898

The trading stock that is valued at a lower net realizable value amounts to € 3,075 (year-end 2019: € 2,880). 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, € 221 was credited to the results (2019: € 218 charged to the results).

8. Work in progress

	2020	2019
Capitalized costs	18,594	19,037
Invoiced installments	-17,612	-20,455
Balance of work in progress	982	-1,418

Project income realized during the financial year on work in progress instructed by third parties amount to € 94,769 (2019: € 100,436) and are recorded in net turnover.

The breakdown of the work in progress balance recorded on the balance sheet is included below. With effect from the 2020 financial year, the breakdown is based on the balance of individual projects. Previously, a collective calculation per operating company was used.

	2020	2019
Capitalized costs higher than invoiced installments	5,482	1,076
Invoiced installments higher than capitalized costs	-4,500	-2,494
Balance of work in progress	982	-1,418

Amounts in thousands of Euros

9. Trade receivables

	2020	2019
Trade receivables	56,980	63,458
Provision for bad debts	-1,292	-1,341
	55,688	62,117

Additions to and releases from the provision for bad debts are included in other operating expenses. For the financial year, € 57 (2019: € 98) was charged to the results.

10. Other receivables, including prepayments

	2020	2019
Costs of service contracts to be amortized	13,270	12,588
Turnover to be invoiced	1,137	2,376
Other receivables	238	-
Other items to be amortized	2,409	2,858
	17,054	17,822

The expected long-term part of the costs of service contracts to be amortized is € 2,921 (2019: € 4,641). 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.

11. Investments

	2020	2019
Bonds Groupama SA (France)	226	219
	226	219

12. Liquid assets

Some of the balance of liquid assets at the end of the financial year concerns € 427 (2019: € 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

13. Group equity

	Equity	Third-party interest	Group equity
Statement of changes in 2019			
Balance as at 1 January 2019	46,900	2,289	49,189
Group result after taxes	7,047	697	7,744
Translation differences	-27	61	34
Total result for the financial year	7,020	758	7,778
Dividends paid	-3,246	-326	-3,572
Transactions with shareholders	-3,246	-326	-3,572
Balance as at 31 December 2019	50,674	2,721	53,395
Statement of changes in 2020			
Balance as at 1 January 2020	50,674	2,721	53,395
Group result after taxes	4,668	601	5,269
Translation differences	-156	-100	-256
Total result for the financial year	4,512	501	5,013
Changes in consolidation	-	-490	-490
Dividends paid	-2,228	-397	-2,625
Transactions with shareholders	-2,228	-887	-3,115
Balance as at 31 December 2020	52,958	2,335	55,293

For a detailed statement of changes in equity, reference is made to note 6 of the explanatory notes to the company financial statements. It also includes the proposed profit appropriation for the financial year.

The share of third parties relates to third-party interests in group companies. Changes in consolidation concern the third-party interests of Phi Data NV (30%) and aQuestora bv (15%) recognized in the financial year on the one hand and the reduction of the third-party interest Simac Technik CR AS from 40 to 20% on the other.

Amounts in thousands of Euros

14. Provisions

Specification of other provisions	2020	2019
Long-service bonuses	1,367	1,379
Financing obligations	1,000	1,000
Restructuring	726	712
Other	147	424
	3,240	3,515

	2020	2019
Balance as at 1 January	3,315	2,114
Made during the financial year	455	1,808
Used during the financial year	-330	-434
Other changes	-200	27
Balance as at 31 December	3,240	3,515

The majority of Simac's employees in the Netherlands are entitled to jubilee benefits when they reach 12½, 25 and 40 years of employment. The provision for long-service bonuses is based on an actuarial calculation.

Financing obligations concern a commitment to a participating interest for the provision of a subordinated loan of € 1 million. 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 € 1.5 million (2019: € 1.8 million).

15. Financial lease obligations

The future financial lease obligations relate to the fleet of Phi Data (Belgium) and Wavetel (France).

Loans and 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 19.

Amounts in thousands of Euros

16. Credit institutions

Due to the processing at the end of the financial year of aQuestora bv as a group company, two loans with a credit institution are recognized. It concerns loans with interest that depends on the 1-month Euribor plus a mark-up.

In accordance with a proposal from the relevant credit institution, both loans were repaid early in January 2021. Securities provided by Simac for these loans, consisting of subordination of a private loan and a surety, have been released.

17. Taxes and social security contributions

	2020	2019
Turnover tax	3,763	3,825
Wage tax	1,321	1,345
Corporation tax	1,217	1,212
Social security and pension contributions	817	993
	7,118	7,375

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

Corporation tax includes an amount of € 849 (2019: € 382) that relates to the tax entity headed by Simal Beheer bv, of which Simac forms a part.

18. Other payables, accruals and deferred income

	2020	2019
Contract turnover still to be amortized	14,800	13,523
Holiday pay and days' holiday	7,616	6,637
Employee benefits	6,297	5,601
Other items to be amortized	8,214	8,823
	36,927	34,584

The expected long-term part of the contract turnover to be amortized is € 4,135 (2019: € 3,622). Employee benefits include bonuses payable to employees and other variable benefits and rights to periodic payments. Other items to be amortized include third-party work payable, hiring and other accruals and deferred income.

19. Risks arising from financial instruments and COVID-19

Due to the use of financial instruments and COVID-19, Simac is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- COVID-19 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.

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.

Amounts in thousands of Euros

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.

4. COVID-19 risk

A particular business risk concerns the potential consequences of the ongoing COVID-19 pandemic. The experiences during the 2020 financial year have shown that the consequences for Simac are manageable so far. Although net turnover and result have decreased, Simac continues to perform positively and the board of directors currently has no indications that the COVID-19 risk will lead to significantly different consequences in 2021. It is also important that Simac's financial position offers a good starting position to absorb unexpected setbacks.

Practice has shown that Simac's operational organization offers sufficient flexibility to switch effectively and efficiently to working from home. Simac periodically makes an inventory among employees about their experiences and problems regarding working from home. Services to customers were adequately continued in 2020. The consequences of lockdowns announced by the Dutch government have been manageable for Simac so far.

At the end of December 2020, it was announced that the Dutch government and the credit insurers have extended the 'COVID-19 reinsurance scheme' until 1 July 2021. By analogy with the experiences in 2020, Simac expects this extension will contribute to securing insured limits for customers and therefore to continuity of service.

20. Rights and obligations not included in the balance sheet

Operational lease obligations	Rent	Cars	2020	2019
Less than 1 year	2,405	4,328	6,733	7,009
Between 1 and 2 years	2,121	4,102	6,223	4,716
Between 2 and 3 years	1,186	2,479	3,665	3,520
Between 3 and 4 years	1,103	1,296	2,400	1,477
Between 4 and 5 years	738	443	1,181	590
More than 5 years	171	-	171	436
	7,724	12,649	20,373	17,748

Amounts in thousands of Euros

Guarantees issued

At the end of the year under review, Simac provided or promised bank guarantees or sureties for third parties up to an amount of € 1.2 million (2019: € 1.7 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

Simac expects to start building a new office building in Haasrode (Belgium) in 2021. Current expectations are that the corresponding investment (including furnishings and fittings) will amount to € 8.7 million. Based on the outstanding orders for the vehicle fleet on the reporting date, Simac expects an additional self-financing obligation of € 1.7 million in 2021.

21. Net turnover

Per sales category	2020	2019
Sale and installation of goods (including projects)	130,314	142,999
Service and management contracts	94,736	90,344
Other services	27,392	42,971
	252,442	276,314

Per business segment	2020	2019
Information Technology Netherlands	123,515	137,194
Information Technology abroad	93,332	100,680
Smart Solutions	37,592	38,894
Holding and eliminations	-1,997	-454
	252,442	276,314

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.

In the Smart Solutions business segment, turnover projects mainly include the manufacture of vision inspection machines.

Amounts in thousands of Euros

22. Other operating income

Other operating income in the 2020 financial year mainly concerns revenue from a settlement agreement due to a customer canceling a sales order. This income is included net, i.e. after deduction of directly attributable costs. There is also limited income from subletting.

23. Personnel expenses

	2020	2019
Wages and salaries	66,891	65,239
Social security and pension contributions	15,377	15,165
	82,268	80,404
Average number of employees (fulltime equivalents)	2020	2019
Business segments		
Information Technology Netherlands	608	575
Information Technology abroad	275	275
Smart Solutions	198	188
Holding	30	25
	1,111	1,063
Geographically		
The Netherlands	842	788
Belgium	139	142
Czech Republic	85	82
Abroad - other	45	51
	1,111	1,063
Number of employees as at the balance sheet date (full time equivalents)	1,128	1,123

Abroad - other concerns operations in Germany, France, Luxembourg and the United Kingdom.

The average number of temporary staff during the financial year was 161 (2019: 224).

Amounts in thousands of Euros

24. Other operating expenses

	2020	2019
Other personnel expenses	7,487	7,813
Accommodation costs	4,879	4,744
Car and travel costs	7,848	8,802
Telecommunications and automation costs	3,015	3,143
Costs to sell	1,429	1,756
Other costs	3,696	4,157
	28,354	30,415

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 decrease in car and travel costs is the result of increased working from home and is therefore strongly COVID-19 related.

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

External auditor fees	BDO NL	BDO Network	Other	2020	2019
Annual audit	227	21	52	300	283
Other financial statements activities	-	-	-	-	7
Tax consultancy fees	57	-	16	73	115
Other advisory work	44	1	-	45	54
	328	22	68	418	459

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.

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

	2020	2019
Changes in the value of receivables	-2,305	-1,572
Changes in the value of investment	7	7
	-2,298	-1,565

Amounts in thousands of Euros

Changes in the value of receivables concern financing to non-consolidated participating interests in both 2019 and 2020.

26. Taxes on profit

Taxes on profit included in the profit and loss account	2020	2019
Taxes due for the financial year	-1,700	-1,712
Tax adjustments from previous years	-	128
Current taxes	-1,700	-1,584
Realization of deferred tax assets	-354	-1,282
Recognition of deferred tax assets	-	720
Deferred taxes	-354	-562
Total of current and deferred taxes	-2,054	-2,146

Reconciliation statement of the effective tax burden	2020	2019
Result before taxes	7,322	9,890
Nominal income taxes (25%)	-1,830	-2,472
<i>Effect on nominal tax of:</i>		
Cost corrections for tax purposes	-415	-543
Participation exemption	80	34
Recognition of losses not valued previously	-	720
Tax-offsettable losses not included	-	-35
Rate differences	-20	22
Tax corrections	131	128
Effective income taxes	-2,054	-2,146
Effective tax burden	-28.1%	-21.7%

The nominal tax rate is based on the Dutch corporation tax rate. The first income tax band of 16.5% (2019: 19%) 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.

Amounts in thousands of Euros

Tax corrections in the 2020 fiscal year relate to Wavetel. In France, various tax facilities in the field of research and development are used. They are included as a reduction of the income tax to be paid.

In both 2020 and 2019, income taxes were not included in equity directly.

27. 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. As a result, Simal controls 99.5% of the voting rights in the general meeting of shareholders of Simac Techniek NV.

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 100% Dutch subsidiaries are included in a corporation tax entity with Simal Beheer bv.

Simal Beheer bv acts as secretary for the financing of Chess Wise bv, a 46% participating interest of Simac. At the end of the financial year, the financing attributable to Simac for an amount of € 2,600 had been settled. In the context of this transaction, a comparable amount has been repaid on the outstanding loan to participants.

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.

28. Events after the balance sheet date

At present, no events after the balance sheet date are known that have a significant consequences for Simac's financial position as at 31 December 2020.

SIMAC FINANCIAL STATEMENTS OF

Company financial
statements of 2020

Amounts in thousands of Euros

Company balance sheet before profit appropriation

as at 31 December 2020 (2019)

ASSETS	Note	2020	2019
Intangible fixed assets	2	8,030	4,590
Tangible fixed assets	3	453	650
Financial fixed assets	4	53,110	47,667
Fixed assets		61,593	52,907
Receivables	5	4,114	4,541
Liquid assets		15,352	10,722
Current assets		19,466	15,263
Total assets		81,059	68,170

LIABILITIES	Note	2020	2019
Share capital		3,953	3,953
Share premium		68,660	68,660
Statutory reserves		57	213
Other reserves		-24,380	-29,199
Unappropriated result		4,668	7,047
Equity	6	52,958	50,674
Provisions	7	3,003	3,571
Short-term liabilities	8	25,098	13,925
Total liabilities		81,059	68,170

Company profit and loss account

for the financial year ending on 31 December 2020 (2019)

	Note	2020	2019
Result from participating interests after taxes	4	8,439	10,152
Result from holding company after taxes		-3,771	-3,105
Result after taxes		4,668	7,047

Explanatory notes to the company financial statements

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

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

1. Key accounting principles

General

The company financial statements form 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.

STATEMENT OF MOVEMENTS	2020	2019
Acquisition value	8,323	7,461
Cumulative depreciation	3,733	2,177
Carrying amount as at 1 January	4,590	5,284
Acquisition of group companies	5,099	862
Changes in acquisition value	5,099	862
Depreciation	1,659	1,556
Changes in depreciation	1,659	1,556
Acquisition value	13,422	8,323
Cumulative depreciation	5,392	3,733
Carrying amount as at 31 December	8,030	4,590

On 21 December 2020, Simac acquired 20 shares of Simac Technik CR AS and as a result, the interest in this group company was increased from 60 to 80%.

On 23 December 2020, 38,500 shares representing a 70% interest in Phi Data NV were acquired. Simac has made arrangements in an option agreement between the parties about the future acquisition of the remaining 30% of the shares. The exercise price for these shares depends on the future development of the margin and the operating result before depreciation. Simac will be able to acquire these shares no later than 1 September 2025.

On 30 December 2020, Simac acquired an additional 6,300 shares in aQuestora bv, thereby expanding its interest from 50 to 85%. After the transaction, this capital interest is accounted for as a group company.

The total of the purchase prices paid, all three of which were paid from the cash position on the transaction date, amounts to € 7,582, of which € 5,099 is recognized as goodwill.

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	2020	2019
Acquisition value	1,207	741	1,948	1,869
Cumulative depreciation	706	592	1,298	1,087
Carrying amount as at 1 January	501	149	650	782
Investments	-	4	4	79
Changes in acquisition value	-	4	4	79
Depreciation	144	57	201	211
Changes in depreciation	144	57	201	211
Acquisition value	1,207	745	1,952	1,948
Cumulative depreciation	850	649	1,499	1,298
Carrying amount as at 31 December	357	96	453	650

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

	2020	2019
Participating interests in group companies (DG)	44,430	38,092
Other participating interests (AD)	1,392	1,379
Other receivables (OV)	7,288	8,196
	53,110	47,667

Amounts in thousands of Euros

STATEMENT OF MOVEMENTS	DG	AD	OV	Total 2020	Total 2019
Balance as at 1 January	38,092	1,379	8,196	47,667	48,481
Disposals and repayments	-	-321	-2,600	-2,921	-2,550
Acquisitions and provisions	2,483	100	4,197	6,780	1,498
Result from participating interests	7,799	640	-	8,439	10,152
Group company identification	406	-406	-	-	-
Dividends received	-3,834	-	-	-3,834	-8,399
Translation differences	-156	-	-	-156	-27
Realization of deferred tax	-	-	-354	-354	-1,282
Valuation of losses	-	-	-	-	720
Other changes	-360	-	-2,151	-2,511	-926
Balance as at 31 December	44,430	1,392	7,288	53,110	47,667

The following changes in participating interests in group companies and other participating interests took place during the financial year:

- On 21 December, the interest in Simac Technik CR AS was expanded from 60 to 80%.
- On 23 December, a 70% interest in Phi Data NV (Belgium) was acquired.
- On 30 December, the interest in aQuestora bv was increased from 50 to 80%.
- On 1 May, the interest in Treams Group bv was expanded from 10 to 17%.
- A subsequent payment was received in December for the sale of Genexis Holding bv in 2018.
- Simac Phobos bv and TLB Financiering bv were liquidated at the end of the financial year.

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.

Other receivables at year-end 2020 consist of € 6,274 (2019: € 7,455) from receivables from participants and participating interests and € 1,014 (2019: € 387) from other interest-bearing receivables. The other changes mainly relate to changes in provisions for receivables on participating interests.

At the end of the financial year, no deferred tax assets were capitalized (2019: € 354). All past tax losses attributable to the company were realized at the end of 2020.

Amounts in thousands of Euros

5. Receivables

	2020	2019
Trade receivables	244	184
Group companies	3,669	4,224
Taxes and social security contributions	143	62
Other receivables, including prepayments	58	71
	4,114	4,541

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

Receivables from group companies mainly relate to positions arising from the daily cash sweeps in the financing arrangement with Deutsche Bank AG and corporation tax to be set off within the tax entity.

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 2020	Total 2019
Balance as at 1 January	3,953	68,660	213	-29,199	7,047	50,674	46,900
Result after taxes	-	-	-	-	4,668	4,668	7,047
Dividends paid	-	-	-	-	-2,228	-2,228	-3,246
Profit appropriation							
previous financial year	-	-	-	4,818	-4,818	-	-
Translation differences	-	-	-156	-	-	-156	-27
Balance as at 31 December	3,953	68,660	57	-24,381	4,668	52,958	50,674

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

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

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. At the end of the financial year, this reserve largely related to Simac Technik CR AS.

Unappropriated result

The result after taxes for 2020 is included in the item classified result of equity. The profit appropriation for the 2019 financial year is included in accordance with the decision made in the general meeting of shareholders of 24 June 2020.

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 2020 financial year:

- 6% dividend on preference shares A € 30,000
- 6% dividend on preference shares B € 600,000
- € 0,07 per ordinary share € 1,017,198

Amounts in thousands of Euros

The calculation of the dividend proposal on ordinary shares is based on the number of outstanding shares as at 31 December 2020. It is further proposed to add the amount remaining after payment of dividend to the other reserves. The proposed dividends have not been included in the balance sheet and Simac does not owe any income taxes on the proposed dividends.

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

In determining the dividend proposal for the 2020 financial year, the board of directors explicitly took the effects of the ongoing COVID-19 crisis into account. Based on Simac's financial position at the end of 2020 and the outlook as shown in the budget for 2021, there is currently no reason to deviate from the regular dividend policy.

7. Provisions

	2020	2019
Participating interests	636	1,019
Long-service bonuses	1,367	1,379
Financing obligations	1,000	1,000
Other	-	173
	3,003	3,571

The majority of Simac's employees in the Netherlands are entitled to jubilee benefits when they reach 12.5, 25 and 40 years of employment. The provision for long-service bonuses is based on an actuarial calculation.

Financing obligations concern a commitment to a participating interest for the provision of a subordinated loan of € 1 million.

8. Short-term liabilities

	2020	2019
Trade creditors	377	411
Group companies	21,347	11,303
Taxes and social security contributions	864	55
Other payables, accruals and deferred income	2,510	2,156
	25,098	13,925

Amounts in thousands of Euros

Debts to group companies mainly relate to positions arising from the daily cash sweeps in the financing arrangement with Deutsche Bank AG.

9. Remuneration of board directors and supervisory directors

In the financial year, an amount of € 604 (2019: € 626) was charged to the company on account of the remuneration of directors. The remuneration for supervisory directors in the financial year was € 78 (2019: € 74). Supervisory directors receive a fixed remuneration only.

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. 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 (corporate guarantee).

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 financing facilities. Simac Techniek and its affiliated subsidiaries are jointly and severally liable to Deutsche Bank for the obligations under this agreement.

Veldhoven, 16 March 2021

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 of the supervisory board of Simac Techniek NV.

A. Auditor's report for the 2020 financial statements incorporated in the annual report

Our opinion

We have audited the 2020 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 2020 and the result for 2020 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 2020;
2. the consolidated and separate profit and loss account for 2020; 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.

Eindhoven, 16 March 2021

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:

- Share issues
- Reduction of the issued capital
- Transfer of preference shares
- Distributions out of other 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.