



Annual Report 2021

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This annual report 2021 of Simac Techniek NV is a translation of the original Dutch version. This English version is for informative purposes only. Under all circumstances the original Dutch version will be legally binding.

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General

Notice from the board of directors

Like the year before, the year 2021 was dominated by the COVID-19 crisis. Partly because this crisis has now lasted for almost two years, the consequences in terms of the cooperation with our customers and with each other have become more noticeable. Working remotely remains challenging, especially with innovative processes and the onboarding of new employees. Nor should we underestimate the social and mental consequences. We are pleased that the situation now seems to be returning to some normality and that we can come together more often.

Like previous year, Simac was able to close 2021 successfully. Turnover rose by more than 15%, from € 252 million to € 290 million. Half of this increase was organic and half the result of the consolidation of the PHI DATA and aQuestora acquisitions at the end of 2020. The operating result before goodwill amortization remained virtually unchanged in 2021, ending at € 8.1 million. Net profits for 2021 amounted to € 3.7 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. Investment in innovation was strong, as usual. The majority of specialized companies concluded 2021 with a profit. The order book has grown considerably. This can partly be attributed to the fact that delivery times of our suppliers are becoming longer due to the scarcity of a number of components.

The general outlook for 2022 is uncertain. Tensions in Europe and the world are mounting and the consequences are unpredictable. In any case, it will lead to further price increases. An important risk is cybersecurity. Simac has all relevant certificates in place and invests continuously to mitigate this risk as much as possible. The situation on the labor market remains tense. Recruiting and retaining well-qualified employees is a challenge.

On balance, we are confident that 2022 will progress well. Based on its healthy order book and the fact that a large share of turnover is accounted for by contracts, Simac expects a stable and profitable year. Once again we will invest a lot in new initiatives, marketing and social objectives, so that part of the return will be reinvested during the year.

We would like to take this opportunity to thank our customers for their trust in Simac, the assignments and the positive cooperation in 2021. 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 2022

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 2021
- Chairman of the board of Sports and Technology Eindhoven
- Chairman of MMC Innovatiefonds
- Member of the PSV foundation executive board
- Member of the supervisory board of Van der Velden Rioleringsbeheer
- Chairman of Stichting Matthäus Passion Oirschot
- Chairman of the supervisory board of Het Noordbrabants Museum

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
- Chairman of Stichting Digitaal Innoveren Nederland
- Chairman of trade association Modint
- Member of the general and executive board of VNO-NCW
- Member of the board of Euratex

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. The ISO 14001 and ISO 50001 certificates in particular ensure that CSR is embedded in the organization.

Corporate social responsibility is given serious attention on the company's agenda. To make this tangible and verifiable, the ISO 14001 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 ISO 50001 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 2021, 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 2021, this involved a list of 94 different charities in total. Special attention is given to the charities that are suggested by Simac staff themselves. Each quarter, a total of ten charities receive financial support under the name of Simac Heart. An important criterion in the selection process is the degree of involvement of the Simac staff member in the charity that he or she proposes.

Amounts in thousands of Euros

Financial state of affairs

Key points

- Net turnover rises by 14.9%, from € 252.4 million to € 290.2 million. The organic increase (i.e. excluding the aQuestora and PHI DATA acquisitions) is 7.4%.
- Operating result falls from € 8.9 million to € 8.1 million. Exclusive of amortization, the operating result (EBITDA) rises from € 13.1 million to € 14.8 million
- Result after taxes falls from € 4.7 million to € 3.7 million
- The cash position at year-end 2021 amounts to € 24.0 million (2020: € 24.6 million)
- Solvency based on group equity at year-end 2021: 40.7% (2020: 43.4%)

Results

The results can be summarized as follows:

Condensed consolidated profit and loss account	2021	2020
Net turnover	290,152	252,442
Changes in work in progress	-5,469	2,400
Subcontracted work and other external costs	-149,192	-131,976
Gross profit	135,491	122,866
Other operating income	276	888
Personnel expenses	-87,888	-82,268
Other operating expenses	-33,117	-28,354
Operating result before depreciation (EBITDA)	14,762	13,132
Depreciation of (in)tangible fixed assets	-6,646	-4,268
Operating result	8,116	8,864
Financial income and expenses	-1,184	-1,541
Group result before taxes	6,932	7,323
Taxes result from ordinary business operations	-2,537	-2,054
Third-party interest	-663	-601
Result after taxes	3,732	4,668

Changes in group structure

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

- Expansion of interest in aQuestora bv from 85 to 100%
- Acquisition of a 30% interest in Meditools bv
- Expansion of interest in Breedband Regio Eindhoven bv from 3 to 5%

The interests in Meditools and Breedband Regio Eindhoven are both non-consolidated participating interests. The 85% majority interest in aQuestora had already been included in the consolidation and the additional acquisition to 100% therefore only affects the recognized minority interest.

Reporting change

With effect from the 2020 financial year, the investment in the Simac Power Cloud is accounted for as a tangible fixed asset. Previously, this item was included under contract costs to be amortized. The comparative figures for the 2020 financial year have been adjusted accordingly. The reporting effect on the carrying amount of tangible fixed assets at year-end 2021 amounts to € 3,224 (year-end 2020: € 1,803) and on depreciation € 1,377 (2020: € 483). Equity, operating result and result after tax have not changed.

Net turnover

Net turnover rises by 14.9%, from € 252.4 million to € 290.2 million. Both the sale and installation of goods and service and management contracts showed an increase in turnover. At the sale and installation of goods by 23.6% from € 130.3 million to € 161.1 million and at service and management contracts by 7.2%, from € 94.7 million to € 101.5 million. Turnover in other services remains virtually unchanged.

Net turnover per category	2021	2020
Sale and installation of goods (including projects)	161,132	130,314
Service and management contracts	101,546	94,736
Other services	27,474	27,392
Net turnover	290,152	252,442

Turnover at Information Technology Netherlands rises by 13.7%, from € 123.5 million to € 140.4 million. Turnover at Information Technology abroad rises as well. Here the increase is 25.6%, resulting in an increase in turnover from € 93.3 million to € 117.2 million. Turnover in the financial year was positively influenced by the acquisition of PHI DATA, at the end of 2020. The organic increase in turnover amounts to 7.4%. Turnover at Smart Solutions, on the other hand, falls by 11.5%, from € 37.6 million to € 33.3 million.

Net turnover per business segment	2021	2020
Information Technology Netherlands	140,402	123,515
Information Technology abroad	117,220	93,332
Smart Solutions	33,264	37,592
Holding and eliminations	-734	-1,997
Net turnover	290,152	252,442

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

Gross profit

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

The gross profit for the financial year amounts to € 135.5 million (2020: € 122.9 million). The gross profit percentage compared to turnover falls from 48.7% to 46.7%. This decrease is related to the increase in turnover from the sale and installation of goods.

Personnel expenses

Personnel expenses consist of the total of salaries and wages and social security and pension contributions. Personnel expenses rise by 6.8%, from € 82.3 million to € 87.9 million. As a percentage of turnover, personnel costs fall from 32.6% to 30.3%. The organic increase in personnel costs amounts to 3.4%.

A total of € 71.6 million of personnel costs (2020: € 66.9 million) is accounted for by wages and salaries. A sum of € 16.3 million (2020: € 15.4 million) is accounted for by social security and pension contributions. Social security and pension contributions as a percentage of wages and salaries amount to 22.7% (2020: 23,0%).

The increase in personnel expenses is partly due to the expansion of the workforce. The average number of employees (FTE) increases by 60, from 1,111 in 2020 to 1,171 in 2021. As regards 38 FTEs, this increase can be attributed to the acquisitions in 2020. The average number of employees in the Netherlands at the end of the financial year is 1,171 (2020: 1,128). Periodic and incidental wage rises have also been processed. The number of temporary staff during the financial year was 189 (2020: 161).

Other operating expenses

Other operating expenses rise from € 28.4 million to € 33.1 million. An amount of € 1.0 million of this increase is attributable to the acquisitions in 2020. Other items that increased concern other personnel costs by € 1.3 million, telecommunications and IT costs by € 1.1 million, publicity costs by € 0.8 million and general costs by € 0.5 million. Other personnel costs include the costs of Simac's 50th anniversary, among other things.

Depreciation and impairment losses

Depreciation and impairments increase from € 4.3 million in 2020 to € 6.6 million in 2021. Intangible fixed assets were amortized by € 2.7 million (2020: € 1.9 million) and tangible fixed assets were depreciated by € 4.0 million (2020: € 2.3 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 € -0.4 million (2020: € 0.6 million) from the share in the results of non-consolidated participating interests and for € 0.2 million (2020: € 0.1 million) from the balance of interest charges and income. The result from participating interests for the financial year was negatively influenced by the write-down of € 0.5 million of a non-consolidated participating interest.

In the financial year, long-term receivables were depreciated by € 0.7 million (2020: € 2.3 million). This depreciation relates to the financing of non-consolidated participating interests.

Amounts in thousands of Euros

Income taxes

The effective tax on profits expressed as a percentage of the pre-tax group result rises from 28.1% to 36.6%. Excluding the effect of non-tax offsettable goodwill amortization, the effective tax burden amounts to 27.9% (2020: 22,9%).

A total of € 1.2 million of taxes on result (2020: € 0.8 million) relate to Dutch corporation tax and € 1.3 million (2020: € 0.9 million) to foreign jurisdictions.

Financial position

The condensed consolidated balance sheet is as follows:

Condensed consolidated balance sheet	2021	2020	Change
Intangible fixed assets	7,920	8,521	-601
Tangible fixed assets	12,543	10,632	1,911
Financial fixed assets	10,674	8,026	2,648
Deferred tax assets	74	68	6
Fixed assets	31,211	27,247	3,964
Inventories and work in progress	4,100	3,910	190
Receivables	82,049	70,940	11,109
Investments	238	226	12
Liquid assets	24,023	25,056	-1,033
Current assets	110,410	100,132	10,278
Total assets	141,621	127,379	14,242
Group equity	57,645	55,293	2,352
Provisions	4,036	3,242	794
Long-term liabilities	88	95	-7
Short-term liabilities	79,852	68,749	11,103
Total commitments	83,976	72,086	11,890
Total liabilities	141,621	127,379	14,242

Total assets rise by € 14.2 million, from € 127.4 million to € 141.6 million. Fixed assets fall by € 4.0 million, from € 27.2 million to € 31.2 million. This increase concerns tangible and financial fixed assets with a total increase of € 4.6 million. Intangible fixed assets, on the other hand, fall by € 0.6 million. Current assets rise by € 10.3 million, from € 100.1 million to € 110.4 million. This increase relates to receivables that increase by € 11.1 million. Liquid assets fall by € 1.0 million.

Amounts in thousands of Euros

Group equity rises by € 2.3 million, from € 55.3 million to € 57.6 million. Short-term liabilities rise by € 11.1 million, from € 68.7 million to € 79.8 million.

The financing analysis below shows that the surplus of available long-term financing compared to fixed assets has decreased by € 0.8 million, from € 31.4 million to € 30.6 million. A total of € 3.1 million of the € 4.0 million increase in fixed assets has been financed with available long-term financing.

The investment in working capital falls by € 0.3 million, from € 6.8 million to € 6.5 million. The cash position falls by € 0.6 million, from € 24.6 million to € 24.0 million.

Financing analysis		2021	2020	Change
Available long-term financing		61,769	58,629	3,140
Less: fixed assets		-31,212	-27,247	3,965
Financing surplus		30,557	31,382	-825
Working capital		6,534	6,802	-268
Cash position (liquid assets and credit institutions)		24,023	24,580	-557
Use of the financing surplus		30,557	31,382	-825

The fixed assets at year-end 2021 amount to € 31.2 million (2020: € 27.2 million). Intangible fixed assets fall by € 0.6 million, from € 8.5 million to € 7.9 million. During the financial year, a sum of € 1.0 million (2020: € 5.1 million) in goodwill was capitalized and € 1.2 million invested in a new ERP system in the Netherlands. Amortization of intangible fixed assets during the financial year amounted to € 2.7 million (2020: € 1.9 million).

Net investments in tangible fixed assets amount to € 5.9 million (2020: € 4.6 million), whereas total depreciation is € 4.0 million (2020: € 2.3 million). The carrying amount of tangible fixed assets shows a net increase of € 1.9 million, from € 10.6 million to € 12.5 million. The construction of a new head office for Simac Belgium was started during the financial year. The total investment, including additional furnishing costs, is currently estimated at € 10.2 million. A sum of € 1.2 million of this was invested at the end of the financial year. The new building is expected to be completed in 2023.

Financial fixed assets rise by € 2.7 million, from € 8.0 million to € 10.7 million. The carrying amount of non-consolidated participating interests falls by € 0.1 million, from € 1.5 million to € 1.4 million. Excluding the recognition of goodwill, € 0.4 million in interests has been acquired or expanded. The negative result from participating interests amounts to € 0.4 million and a dividend of € 0.1 million was received.

Amounts in thousands of Euros

The carrying amount of financing of participating interests rises by € 0.2 million, from € 1.4 million to € 1.6 million. Financing amounting to € 0.8 million was provided during the financial year. Based on the development of the net asset value of participating interests, an additional € 0.7 million is anticipated. At the end of the financial year, the nominal value of financing in participating interests was € 5.0 million, of which € 3.4 million is anticipated.

At year-end 2021, the balance of deferred tax assets amounts to € 0.1 million (2020: € 0.1 million) and relates to temporary valuation differences at Simac Technik CR AS. At the end of the financial year, Simac's non-valued offsettable losses in the Netherlands are € 1.5 million.

Current assets rise by € 10.3 million, from € 100.1 million to € 110.4 million. The most important change is the increase in receivables by € 11.1 million, from € 70.9 million to € 82.0 million. A sum of € 10.8 million of this increase is attributable to trade receivables, which rose from € 55.7 million to € 66.5 million. Both the growth in turnover in 2021 and installments on projects sent in the last quarter affect the accounts receivable balance at the end of the financial year.

At the end of the financial year, the carrying amount of inventories amounts to € 4.1 million (2020: € 2.9 million). The gross value amounts to € 5.4 million (2020: € 4.7 million) for which a provision has been recorded of € 1.3 million (2020: € 1.8 million). The net value of work in progress amounts to € -4.5 million (2020: € 1.0 million) and consists of the balance of capitalized costs of € 19.7 million and invoiced installments of € 24.2 million.

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

Group equity rises by € 2.4 million, from € 55.3 million to € 57.7 million. The group result for the financial year after taxes amounts to € 4.5 million, of which € 3.8 million is attributable to shareholders of Simac Techniek NV. Dividends paid in the financial year amount to € 2.0 million, of which € 1.6 million is attributable to shareholders of Simac Techniek NV. At the end of the financial year, equity amounts to € 55.1 million (year-end 2020: € 53.0 million) and the third-party interest to € 2.5 million (2020: € 2.3 million).

Provisions at the end of the financial year amount to € 4.0 million (2020: € 3.2 million). As at the balance sheet date, € 1.3 million of the provisions item relates to employee benefits, € 1.0 million relates to financing obligations and € 1.7 million relates to reorganization and other provisions.

Short-term liabilities rise by € 11.1 million, from € 68.8 million to € 79.9 million. Trade receivables rise by € 6.7 million, from € 24.2 million to € 30.9 million. Due to the excess of invoiced installments compared to capitalized costs, work in progress is recognized as a current liability for € 4.5 million.

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

Amounts in thousands of Euros

Summary of cash flows	2021	2020	Change
Cash flow from operating activities	13,235	19,110	-5,875
Cash flow from investing activities	-11,860	-12,319	459
Cash flow from financing activities	-2,408	-2,920	512
Change in cash	-1,033	3,871	-4,904

The cash flow from operating activities decreases by € 5.9 million, from € 19.1 million to € 13.2 million. This decrease is caused by the changes in working capital. In the 2021 financial year, € 0.6 million was disinvested in working capital, while in the previous financial year, € 7.8 million was disinvested. A difference therefore of € 7.2 million.

The cash flow from investing activities for 2021 amounts to € -11.9 million (2020: € -12.3 million). The cash effect of capital interests acquired in the financial year amounts to € -1.4 million (2020: € -7.6 million). The balance of investments in (in) tangible fixed assets amount to € -7.1 million (2020: € -4.1 million). The balance of issued loans and funds lent, minus repayments from outstanding loans is € -3.4 million (2020: € -1.0 million). A total of € 2.3 million of loans granted concern the self-financing of lease cars and € 0.8 million the financing of participating interests.

The dividend of € 2.0 million paid in the financial year (2020: € 2.6 million) is included in the cash flow from financing activities. A sum of € 1.6 million of the dividend paid in 2021 benefited the shareholders of Simac Techniek NV.

Long-term overview

Results	2021	2020	2019	2018	2017
Net turnover	290,152	252,442	276,314	258,619	223,151
Sale and installation of goods	161,132	130,314	142,999	139,753	119,621
Service and management contracts	101,546	94,736	90,344	86,947	81,000
Other services	27,474	27,392	42,971	31,919	22,530
Gross profit	135,491	122,866	125,426	119,586	104,321
In % of turnover	46.7%	48.7%	45.4%	46.2%	46.7%
Operating result excluding depreciation (EBITDA)	14,762	13,132	14,689	15,855	12,680
In % of turnover	5.1%	5.2%	5.8%	6.1%	5.7%
Operating result (EBIT)	8,116	8,864	11,159	13,088	10,336
In % of turnover	2.8%	3.5%	4.0%	5.1%	4.6%
Result after taxes	3,732	4,668	7,047	10,883	7,767
In % of turnover	1.3%	1.8%	2.6%	4.2%	3.5%
Average number of employees (FTE)	1,171	1,111	1,063	986	937

Amounts in thousands of Euros

Results per employee	2021	2020	2019	2018	2017
Net turnover	248	227	260	262	238
Gross profit	115	110	118	121	111
Wages and salaries	61	60	61	62	55
Operating result	7	8	10	13	11

Financial position	2021	2020	2019	2018	2017
Fixed assets	31,211	27,247	22,213	23,514	20,843
Current assets	110,410	100,132	103,264	95,840	78,749
Total assets	141,621	127,379	125,477	119,354	99,592
Group equity	57,645	55,293	53,395	49,189	39,829
Provisions	4,036	3,242	3,515	2,114	1,604
Long-term liabilities	88	95	112	164	-
Short-term liabilities	79,852	68,749	68,455	67,887	58,159
Total liabilities	141,621	127,379	125,477	119,354	99,592
Current assets -/- short-term liabilities	30,557	31,382	34,808	27,953	20,590
Cash position	24,023	24,580	20,808	13,556	13,493
Cash flow from operating activities	13,235	19,110	12,960	7,172	12,418
Cash flow from investing activities	-11,860	-12,319	-3,035	-5,625	-2,352
Dividends paid	-2,014	-2,625	-3,572	-2,549	-2,172
Group equity in % of total assets	40.7%	43.4%	42.6%	41.2%	40.0%

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 2021, per unit.

Information Technology Netherlands

Simac IT NL

Simac IT NL can look back on a financially stable year. A year in which a lot of work was done on the organization, with numerous developments that are a prelude to further strengthening customer and employee satisfaction. Turnover increased in 2021. The result remained the same. This is because Simac IT NL invested a lot in its own organization and the (further) development of the portfolio. All in all, it was, just like the year before, a financially very stable year.

The number of customers increased. This applies to most sectors in which Simac IT NL is active: retail, health care and industry. New partnerships were entered into with great names, including PSV football club. In addition, many long-term contracts have been extended. These are all positive developments.

The market is changing faster than ever before. Technology giants develop and present their products at a rapid pace. Simac IT NL doesn't want to stay behind. And that requires focus, entrepreneurship and agility. Hence the process that Simac IT NL has started, to not only excel in customer satisfaction and their management, but to also move along with customers and present new solutions proactively. Two ambitions for the near future to realize that desire to be even closer to the changing needs of customers are:

- **Developing the new 'smart adaptive workplace'**
The COVID pandemic has, in a very short period of time, put the desire to work flexibly, in terms of both time and location, on the map. Simac IT NL, in conjunction with the Workplace Center of Excellence, has created a team where employees are continuously working on the (further) development of the smart adaptive workplace.
- **Scaling up in retail**
In addition to the focus on the public cloud, Simac IT NL has continued with its multi-cloud strategy. Based on the Simac multi-cloud framework, we are working on a single portal to all global cloud providers, with maximum effectiveness and connectivity. Seasoned experts in architecture, connectivity and security provide support in design, realization and management.

Simac IT NL has made great strides *in* the organization in recent years. In the coming years, it wants to take major steps again *with* that organization. Both customers and employees will be even more central in the company's service provision in order to raise satisfaction to a higher level.

Aranea

Reaping the rewards. That best typifies the year of Aranea. The management consultancy, which scores as an attractive employer, faced serious challenges, but grew nonetheless.

The challenges mainly concerned the organization itself: several colleagues in key positions were out of the running for a long time due to circumstances beyond everyone's control. At the same time, seven new colleagues were welcomed. So many changes, while the market too knocked on the agency's door even harder to support them in their change.

In particular, the agency made significant strides in setting up and co-implementing the digital strategy of health care institutions and in guiding the digital transformation in the business community. Great prospects for 2022, therefore, with a lot of potential, both internally and externally.

aQuestora

The newest member of the Simac family had a healthy, stable year. As of 1 January 2022, Simac will be one hundred percent owner of the company in Eindhoven, whereas founder and pioneer Jan Herps will enjoy a well-deserved retirement.

Fiber-to-the-home, i.e. a fiber optic connection at home. Who wouldn't want that? That wish also existed in the outlying areas. When the big telecommunication companies did not take any steps in this direction, new cooperatives jumped in this gap. To be able to offer services over the fiber afterwards, you need 'promotion'. aQuestora provides for that promotion; especially in the outlying areas of the south of the Netherlands.

Responding to the need for neutrality, Jan Herps started the company in 2011. Simac quickly stepped in as a backup for the pioneering drive of the entrepreneur, while recognizing the relevance and potential of the company. After the departure of the founder of the company, Simac became the full owner on 1 January 2022. In 2021, the contract with one of the larger cooperatives in the outlying area was extended by five years. Contracts with other cooperatives are expected to be extended in 2022 as well. This makes aQuestora a stable company, in a market that will be the subject of enormous developments in the coming years. In addition to the traditional triangle of 'TV, telephone and Internet', other services too will be offered via fiber optics, including in health care. In any case, the network is ready.

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 can look back on 2021 with satisfaction: the results are good, especially given the global circumstances. This applies to all four domains in which the company is active.

A full order book, to which new prestigious clients were added, including one of the largest clients in the company's history. An extension of the service package. Contracts that were renewed. A more prominent (online) visibility with customers and prospects. The start of the new building in Leuven. And an excellent operating result at the end of the year. That more or less sums up the year for Simac ICT Belgium.

However, the year also brought new challenges. The availability of materials and price inflation being the main ones. Nevertheless, the company expects continued growth in 2022. To achieve this, the company wants to invest in the workforce, in terms of both recruiting new people and in strengthening the relationship of existing staff at the company.

As an ICT service provider, the Integration business unit is widely active with solutions in networking, security and collaboration as well as in hybrid data centers. Growth in 2021 was mainly driven by the conclusion and extension of service contracts with new and existing customers. As a result, it was able to expand its footprint at several large organizations, including Emmaus and the Flemish Brabant provincial authorities. However, Integration experienced international delivery difficulties at project and product level. This dampened growth somewhat. Those challenges will continue to exist in 2022. Nevertheless, Integration is looking ahead with a positive outlook, partly thanks to a healthy order book.

Simac BMS/Wavetel specializes in providing insight into the performance and security of network infrastructure and applications. It should be seen as a global entity focused on serving the European market. Historically it has been located in Belgium, the Netherlands, France, Germany and the Czech Republic. The company is growing in all its domestic markets. It is the result of the synergy of the integration in 2018. In France, Simac BMS/Wavetel continues to make way in the visibility product. The transition to working from home and to working in the cloud contribute to a continued positive outlook for 2022. One of the spearheads for Simac BMS/Wavetel is the further roll-out of the strategy in Germany, as part of its international aspirations.

Professional Services raced through the year. The supplier of senior engineers, consultants and project leaders mainly grew in breadth: existing customers, including large, international companies, award the company increasingly complex, larger and longer assignments. This confidence confirms the company's vision: that proximity and customization are experienced by the market as at least as relevant as the one-size-fits-all model of global ICT players. As soon as Professional Services is on board, it naturally intertwines with its customers. A great development, which requires extra efforts in the field of recruitment for 2022.

The turnover of Cabling & Infrastructure increased by around 25% in 2021. Many existing customers used the space created by working from home to invest in their buildings and data centers. Typical of the market's confidence in the company was the five-year extension of the contract to manage the Kyndryl data center in Bastogne. This year, as in previous years, turnover growth is expected to be strong, with the order book already full at the start of the year. This turnover will not only be achieved in Belgium, but also in the Netherlands, where the first projects with Simac IT NL will be started up.

Wavetel

The French company Wavetel is celebrating its 20th anniversary this year. And it does so with confidence. This because past year saw growth in each of the three areas in which it is active. With offices in four French cities, Wavetel's origins lie in developing and deploying innovative solutions for testing and measuring IT performance and surveillance through monitoring, in telecommunications and optical testing solutions. It does this in close collaboration with BMS in Belgium. In 2021, the company performed in line with expectations. In its 2022 anniversary year, Wavetel wants to keep a firm grip on this market, by entering into even more collaborations with new partners and further embedding new technologies in its offer, such as IoT and 5G.

Wavetel continues its broad range of business in testing solutions for Telecommunication companies, ISPs, Data Center Operators and Laboratories. In addition, it develops its own products with strong expertise in high-speed data acquisition and signal processing through Artificial Intelligence. The prospects for this are excellent, with interesting projects ahead.

The global scarcity of components and price increases present challenges. Wavetel nevertheless enters the new year with positive expectations. One of its goals is to focus even more on developing products and solutions in security and Artificial Intelligence, among other things

Simac ICT Czech Republic

Two years ago, Simac ICT Czech Republic experienced a record year in its nearly 30-year history. Despite challenging circumstances, the company expects to exceed that result this year. This is partly driven by the adoption of new technologies and the expansion of the product portfolio and geographical coverage. Through its operating company Passengera, the company is already active in Saudi Arabia with a contract for ten years. Simac ICT Czech Republic has been a solid player in the Czech Republic in securing, building and exploiting traditional ICT infrastructures for many years. The company follows trends, meets customer demands and has delivered various software-defined networks in the past year. Inspiration from the Simac holding in recent years has led to growth in activities, especially in the field of IoT, data analytics and software integration.

One of the ongoing innovative projects is the Smart City platform for the Kosice region in neighboring Slovakia. Simac integrates various data sources in the data platform to help the customer better understand and manage the region. In the new financial year, the emphasis will be on integrating new activities within the existing company and on further transforming it into a service provider.

Simac PSF

System integrator and data cable provider Simac PSF can once again look back on an excellent year, without any major outliers. Willy Hans, General Director, retired. He was replaced by Stéphane Arib. The focus remains on on-premise solutions. Yet the company, which has invested in the cloud for the past two years, is taking full advantage of the transfer by several companies to that cloud or hybrid cloud environment.

Simac Professional

Simac Professional was already widely active in skills sourcing, project management and field engineering services. In 2020, a new branch was added: data governance. The company saw growth in all areas. Its second office in France is still active, despite a downturn in activities due to corona. The objectives here have been shifted to the slightly longer term.

The most striking milestone for Simac Professional in 2021 was the conclusion of three major contracts with terms of several years each: Belux Field Engineering with Oracle, Storage and Backup management of the European Parliament and Hitachi storage projects with the European Depository Bank. Further growth is on the horizon for 2022, the year in which the company celebrates its 10th anniversary. The main focus is on bringing in an additional vendor, in addition to Oracle and Hitachi.

PHI DATA

As a supplier of Smart Edge solutions, the Belgian company PHI DATA made a virtue of necessity and saw its turnover rise by 19%. Similar growth is expected for the new financial year, which is already halfway through for PHI DATA.

PHI DATA develops solutions that integrate the physical chain of a company with the digital chain and optimize the workflow. It operates on the 'smart edge' between IT and the shop floor, i.e. Smart Edge solutions, from three locations, including one new in Luxembourg. It does so with an experienced team at senior level, offering a high level of service and full of ambition. Most striking in the past financial year was without doubt the successful development and marketing of Smart Proximity, the Safety Distance Tag *with* traceability platform. This technology helps people keep their distance from each other from a contamination point of view. Meanwhile, this solution is being developed further for other applications. Examples include warnings in warehouses when approaching moving forklifts, access control and checking evacuations in case of emergencies.

The company's ambitions are strong: it wants to continue to grow and innovate. This year, for example, the Smart Sense Industrial Internet of Things Platform was launched within the logistics sector. It also wants to roll out its Smart Edge solutions in the Netherlands and later on throughout Europe, as soon as possible. The confidence is there: the order book is healthy, people are actively recruiting to expand the team and PHI DATA will conform to the SDG goals of the UN, both in its own organization and through its solutions for customers.

Smart Solutions

Simac Document Solutions

After the growth of its customer base in 2020, it was important for Simac Document Solutions to continue to serve existing customers well in 2021. They succeeded. The company ended the year with virtually the same positive figures as it did the year before.

In business, working in the cloud is no longer a question, but a matter of course. Simac Document Solutions offers that business community, especially the manufacturing industry and the automotive sector, solutions to make data and documents underlying the processes more widely accessible and deployable, via the same cloud. Consolidation The year 2021 was one of

consolidation. The year before, Simac Document Solutions had won several major projects to support customers in their transition to the cloud. In 2021, this was developed further into contracts and subscriptions. These efforts generated almost the same turnover as the year before, but with a better result. In recent years, Simac Document Solutions has been gearing up for long-term continuity by increasingly collaborating with customers on a contract basis. This gives peace of mind and provides a positive feeling for the future. Some attractive commitments from new customers in the last quarter of 2021 ensure that the positive dynamics for the new year are guaranteed.

Simac Triangle

Simac Triangle develops applications for very specific target groups. It does this with two different business units. Both units acquired business from a leading name for new software. This made it a particularly successful year.

With the new application for the social domain, the unit of the same name, DOCK, brought in one of the major players in the Social Work and Welfare market. This may be called an important breakthrough, which creates expectations for the future. The launch of the GDPR solution at DELA and the Governance Risk & Compliance solution within the Simac family will have the same snowball effect. The Managed Print Services unit experienced a breakthrough as well; and in particular in the label printing market. After entering into a partnership with Zebra in the United States in 2020, the first major reseller was acquired in 2021: STAPLES. An important spin-off in the market is expected from this collaboration too.

The latest achievement was the signing of the collaboration with a colleague company in the Netherlands, the day before Christmas. This will have a significant impact on the customer portfolio in the social domain. The outlook for 2022 therefore looks very positive, both in the Netherlands and in the US.

Simac Electronics

In recent years, Simac Electronics has worked hard on its own organization. And it started reaping the benefits in 2021. Successes included the definitive launch of an innovative calibration technique, the introduction of a fiber optic 'fitness meter' with great market potential and a prestigious order from the Dutch Ministry of Defense.

Confidence within the organization in the new year is sky-high, probably higher than it has ever been. The organization is rock solid and has been reinforced with experienced people, both in the Netherlands and Belgium and in engineering and sales. In addition, a number of novelties were finally rolled out in 2021 that had been worked on hard in the previous years. An absolute eye-catcher in 2021 is the project the Ministry of Defense: In 2020 Simac Electronics already supplied mobile communication systems for setting up a communications network in emergency situations in no time. Over the past year, these systems were extensively tested and put into service to our full satisfaction. An important innovation lies in the automatic calibration of OTDRs (fiber optic radars). In 2022, Simac Electronics will also roll out the unique technology to measure fiber optic networks 24/7. As a result, customers can detect failures as a preventive measure and determine and extend the life of a network. This enables them to engage in sustainable asset management for the first time.

Simac Masic

A few years ago, machine builder Simac Masic chose to focus on the pharmaceutical market. Partly due to global developments, the company is now ahead of the forecasts made at the time. In 2021, the company secured a record number of orders for inspection systems.

The machine builder has been under considerable pressure in recent years. The order book was never so full before and due its renewed focus, the organizational structure had to be adjusted, with different people being assigned to different places. The scarcity in the spare parts market last year further added to this. Perhaps the most important gain in the past year was the fact that the company, despite the pressure on the organization and an impetuous market, seemed to be unshaken by it all. The 'new' organization was equipped, albeit just in time, to keep the work in balance, both internally and towards customers.

The main challenge for 2022 lies in further reducing the lead time. In order to be able to deliver more systems than now, processes will have to be coordinated even better. Despite the risks in the availability of raw materials and in the availability of sufficiently qualified people, the machine builder is confident about the future.

Simac QuadCore

The year started conservatively for Simac QuadCore. This was mainly due to the after-effects of restrictions on international trade. Yet the industrial automation company eventually realized the budgeted growth. After the lockdown, the market returned to its old level fairly quickly, with the exception of machine construction. Here, entry restrictions in particular caused delays in early 2021. Simac QuadCore nevertheless focused on growth and managed to recruit new employees. Because demand increased as well, the company was able to close the year on a positive note.

The focus for 2022 is on recruiting *and* training employees in higher programming languages. Industry 4.0 requires innovative solutions, in which a combination of conventional and higher languages is becoming increasingly common. Simac QuadCore wants to train the team so that its employees are ready when customers start fully embracing these new techniques in the near future. Simac QuadCore expects further growth for 2022. Hardware availability is a global challenge right now and is not something that can be ignored, now and in the future. A second and equally important challenge is and remains recruiting and retaining well-qualified staff.

Simac IDS

More than ever, institutions in education, care and recreation wanted to be able to register and monitor the presence and well-being of users and visitors in 2021. This strong wish contributed to the growth of Simac IDS.

Simac IDS had started modulating its solutions even before last year, so that they could be deployed in support of the processes and needs of customers with even greater effect. Precisely the need for control, i.e. the ability to use information to direct and support the organization and specifically to visit or use spaces, increased.

The year 2021 was therefore mainly dominated by the further development and roll-out of existing solutions. This took place in both the Netherlands and England, where the company supported 20,000 to 40,000 users at vocational education institutions and universities with both the intake process and following students in their development.

The order book appears to be expanding in 2022. The educational sector is extremely interested in Simac IDS solutions. The leisure and care institutions are also increasingly knocking on the door of the company that this year will be supporting its colleagues in Belgium in realizing the new building, which should become a state-of-the-art showroom.

Simac Learning Solutions

After the bitter comes the sweet they say. After a few intensive years, there has definitely been a turning point within Simac Learning Solutions. In 2021, the smallest member of the Simac family achieved growth in turnover of no less than 35%. In 2022, the company aims to carry on its momentum and thus continue this positive trend.

For Simac Learning Solutions, the year was dominated by growth in secondary vocational education. The company succeeded in extending its service to existing customers and attracting new customers for its e-learning courses and digital learning platform LearningBOX. In addition, the company started to collaborate more intensively with industry associations in the business market. Simac Learning Solutions is expected to maintain that positive flow. The market is now convinced of the importance and possibilities of online learning. In 2021, the company therefore invested in personnel, the further development of the learning environment and in marketing. In 2022, this should lead to another 25% to 50% growth in turnover. It also wants to gain a foothold in VMBO (pre-vocational secondary education) this year.

In 2021, in order to reinforce ambitions in advising education on e-learning, the intention was expressed to closer cooperation with MK Educatie. At the beginning of 2022, this cooperation is to be fully embedded and create an extra boost for activities in this area.

Personnel and organization

On 31 December 2021, the number of full-time employees at Simac amounted to 1171 (year-end 2020: 1,128). During the year under review, an average of 1,171 employees were employed on a full-time basis, compared to 1,111 in 2020. The average number of employees in the Netherlands is 850 (2020: 842) and 321 abroad (2020: 269).

The average sickness absence level in the Netherlands, exclusive of maternity leave, is 3.9% (2020: 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, 2021 has seen constructive collaborations with the works council of Simac Technology. Relations between the board of directors and the works council members are positive, with respect for each other's positions and viewpoints.

Expectations

Although the consequences of the COVID-19 pandemic appear to be gradually becoming manageable, the effects for the economy and society are expected to remain noticeable in 2022. In addition, increasing delivery times in the supply chain and increasing inflation continue to be disruptive factors. Based on the experiences and developments gained, Simac nevertheless looks to 2022 with confidence.

Recently, Europe has been unpleasantly surprised by the illegitimate military invasion by the Russian Federation into the sovereign state of Ukraine. It is clear that this event has and will have major military, humane and political consequences. It is also expected to have a negative impact on the economic situation in the European Union. The exact consequences for Simac's activities cannot be quantified at the moment. Simac has established that there are few or no trade or business relationships with organizations or companies from the Russian Federation.

Over the past year, employees and management have shown flexibility in dealing with the challenges that arose. The board of directors is confident that the organization will be able to continue this in 2022. 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. Simac will also investigate the possibilities for a structural combination of working from home and from the office. These options may differ per job category.

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. Due to the scarcity of personnel in combination with rising inflation, Simac is taking into account increasing pressure on the terms and of conditions employment. It is inevitable that the rising costs should be factored into the rates of sales.

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. Recently, society has been confronted with the risks in this area following the Log4J incident.

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 progress on the current 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 health care market and identification solutions. Part of the available cash resources will be used for the continued self-financing of the leased fleet.

In 2022, 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 2022

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.

An on-going business risk concerns the consequences of the COVID-19 pandemic. The experiences during the 2021 financial year have shown that the consequences for Simac are manageable. 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 2021.

Furthermore, reference is also made to note 18 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.

After consultation with the tax authorities, Simac has decided to terminate the horizontal monitoring agreement. Measures for securing reliable processing of tax liabilities are incorporated into the existing system of internal control and management measures as much as possible. Simac believes that these measures provide sufficient guarantees for the submission of acceptable tax returns. Simac continues to periodically consult with the tax authorities on the implementation of its internal measures and the significant (tax) positions it has taken.

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 2021 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 seven times. Due to the COVID-19 pandemic, the meetings were partly held digitally. These meetings were held in the presence of the board of directors and the director of Simal Beheer bv. Two family members who are currently active in management positions at Simac were invited to attend the meetings.

On 10 November last, the full supervisory board attended a meeting with the boards of the holding and operating companies. During the meeting, the developments at Simac in 2021 and the strategy for the coming years were discussed in more detail. The future succession of the current CEO was also discussed. During the course of the year, Mr Kivits and Mr Hermans representing the supervisory board held discussions with directors of operating companies and other managers in key positions.

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. 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 2020 financial year.
- The budget, both consolidated and per operating company, for 2022.
- 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.
- Developments in non-consolidated participating interests.
- Developments and points of consideration in the personnel policy, including future prospects for and follow-up in management.
- As regards developments in the personnel policy, the supervisory board has asked to be informed of measures taken by Simac for a safe working climate. As part of its efforts, attention was paid to measures to prevent undesired and transgressive behavior.
- Developments in the internal IT policy and the implementation of a new ERP system at Simac IT NL.
- Developments in the field of corporate social responsibility and environmental policy.
- Investment in and start of the construction of a new head office for Simac Belgium.
- Update on the organizational developments recorded in the 'Strategic Document'.

During 2021, the supervisory board held several constructive meetings with the works council. Mr Hermans maintains the primary contact with the works council on behalf of the board.

Report of the supervisory board committees

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

Audit committee

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

Before the publication of the financial statements, the audit committee inspected the provisional BDO audit report for the 2020 financial year. On 8 March 2021, the audit committee took note of the audit findings of the external auditor. 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 draft financial statements were discussed by the full supervisory board on 10 March 2021. The audit report was discussed by the full supervisory board on 7 April. During the meeting, the external auditor provided further explanation and answered questions.

Following the audit of the 2020 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 2021.

The audit committee was actively involved in the discussion of the audit approach for the 2021 financial year. These consultations were held on 16 November 2021 together with the BDO and CFO of Simac. 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.

Important 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.

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. Other topics that were discussed concern the influx of new employees, vitality, working from home and management development.

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

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 2021. During conversations and contact with representatives of the organization, the members of the supervisory board time and again experience everyone's commitment to the future of Simac.

A very big compliment to everyone who commits himself to Simac every day. In particular, the great flexibility shown by employees in the ongoing 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

SIMAC FINANCIAL STATEMENTS OF 2021

Consolidated Financial Statement of 2021

Amounts in thousands of Euros

Consolidated balance sheet before profit appropriation

as at 31 December 2021 (2020)

ASSETS	Note	2021	2020
Intangible fixed assets	3	7,920	8,521
Tangible fixed assets	4	12,543	10,632
Financial fixed assets	5	10,674	8,026
Deferred tax assets	6	74	68
Fixed assets		31,211	27,247
Inventories	7	4,100	2,927
Work in progress	8	-	982
Trade receivables	9	66,476	55,689
Other receivables, including prepayments	10	15,573	15,251
Investments	11	238	226
Liquid assets	12	24,023	25,056
Current assets		110,410	100,132
Total assets		141,621	127,379
LIABILITIES	Note	2021	2020
Equity		55,138	52,958
Third-party interest		2,507	2,335
Group equity	13	57,645	55,293
Provisions	14	4,036	3,242
Long-term liabilities	15	88	95
Credit institutions		-	476
Financial lease obligations	15	41	68
Work in progress	8	4,487	-
Trade receivables		30,880	24,160
Taxes and social security contributions	16	6,146	7,118
Other payables, accruals and deferred income	17	38,298	36,927
Short-term liabilities		79,852	68,749
Total liabilities		141,621	127,379

Amounts in thousands of Euros

Consolidated profit and loss account

for the financial year ending on 31 December 2021 (2020)

	Note	2021	2020
Net turnover	20	290,152	252,442
Changes in work in progress		-5,469	2,400
Other operating income		276	888
Sum of operating income		284,959	255,730
Subcontracted work and other external costs		149,192	131,976
Wages and salaries	21	71,629	66,891
Social security and pension contributions	21	16,259	15,377
Amortization of intangible fixed assets	3	2,667	1,937
Depreciation of tangible fixed assets	4	3,979	2,331
Other operating expenses	22	33,117	28,354
Total operating expenses		276,843	246,866
Operating result		8,116	8,864
Share in the result of non-consolidated participating interests	5	-379	640
Interest income and similar income		199	125
Changes in the value of receivables included in fixed assets and of investments	23	-651	-2,298
Interest expenses and similar expenses		-353	-8
Financial income and expenses		-1,184	-1,541
Result from ordinary business operations before taxes		6,932	7,323
Taxes result from ordinary business operations	24	-2,537	-2,054
Group result after taxes		4,395	5,269
Third-party interest	13	-663	-601
Result after taxes		3,732	4,668

Amounts in thousands of Euros

Consolidated statement of cash flows

for the financial year ending on 31 December 2021 (2020)

Cash flow from operating activities	2021	2020
Operating result	8,116	8,864
<i>Restatements for:</i>		
Depreciation and impairment losses	6,646	4,268
Changes in provisions	794	-273
Total of the restatements	7,440	3,995
<i>Changes in working capital:</i>		
Inventories	-1,173	539
Work in progress	5,469	-2,400
Trade receivables	-10,788	9,654
Other receivables, including prepayments	-321	2,757
Trade receivables	6,721	-2,081
Taxes and social security contributions	-650	-1,018
Other payables, accruals and deferred income	1,371	380
Total of changes in working capital	629	7,831
Cash flow from business operations	16,185	20,690
Dividends and interest received	261	125
Interest paid	-353	-8
Income taxes paid	-2,858	-1,697
Cash flow from operating activities	13,235	19,110

The cash flow statement continues on page 39.

Amounts in thousands of Euros

Cash flow from investing activities	2021	2020
Investments in intangible and tangible fixed assets	-7,340	-4,178
Disinvestments of intangible and tangible fixed assets	283	76
Acquisition of capital interests	-1,407	-7,582
Disposal of capital interests	-	321
Loans issued, funds lent and securities	-3,396	-997
Repayments received on loans, funds lent	-	41
Cash flow from investing activities	-11,860	-12,319
Cash flow from financing activities	2021	2020
Dividends paid	-2,014	-2,625
Changes in equity and third-party interest	116	-250
Withdrawal or repayment (-/-) of bank credit	-476	8
Repayments on other loans	-34	-53
Cash flow from financing activities	-2,408	-2,920
Change in cash	-1,033	3,871
Cash movements	2021	2020
Balance at the end of the reporting period	24,023	25,056
Less:		
Acquisition of capital interests	-	977
Balance at the beginning of the reporting period	25,056	20,208
Change in cash	-1,033	3,871

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. Taxes and social security contributions
17. Other payables, accruals and deferred income
18. Risks arising from financial instruments and COVID-19
19. Rights and obligations not included in the balance sheet
20. Net turnover
21. Personnel expenses
22. Other operating expenses
23. Changes in the value of receivables included in fixed assets and of investments
24. Taxes on profit
25. Related parties
26. Events after the balance sheet date

1. Consolidated accounting principles

Simac Techniek NV is established in the Netherlands. It has its registered office at De Run 1101 in Veldhoven, the Netherlands (5503 LB). The company is registered with the Chamber of Commerce under file reference number 17057712.

The consolidated financial statements for the 2021 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
	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 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, 5%
	Centrale 24 Techniek bv, Eindhoven, 50%
	Chess Wise bv, Haarlem, 45%
	GX International bv, Eindhoven, 15%
	Meditools bv, Uden, 30%
	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 interest in aQuestora bv from 85 to 100%
- Acquisition of a 30% interest in Meditools bv
- Expansion of interest in Breedband Regio Eindhoven bv from 3 to 5%

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

Reporting change

With effect from the 2020 financial year, the investment in the Simac Power Cloud is accounted for as a tangible fixed asset. Previously, this item was included under contract costs to be amortized. The comparative figures for the 2020 financial year have been adjusted accordingly. The reporting effect on the carrying amount of tangible fixed assets at year-end 2021 amounts to € 3,224 (year-end 2020: € 1,803) and on depreciation € 1,377 (2020: € 483). Equity, operating result and result after tax have not changed.

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. Goodwill is amortized over five years. Other intangible assets between four and ten years.

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 offsetable 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 offsetable 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-offsetable. 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 offsetable 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. The cash available at the acquired group company is adjusted in cash movements. When selling group companies, the net sale price, insofar as received, is recorded after the deduction of liquid assets sold. When acquiring or selling other (non-consolidated) capital interests, the net purchase price or sale proceeds is stated.

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.

2. Purchases and sales of group companies and participating interests

On 2 June, Simac acquired 2,800 shares B in Meditools bv, representing a 30% interest. Goodwill has been recorded for in this acquisition.

On 1 July, Simac acquired an additional 104,500 shares in Breedband Regio Eindhoven. No goodwill has been recorded on this acquisition. After this transaction, Simac's interest is 5%.

On 28 December, Simac effected a subsequent payment of the purchase price, in accordance with the purchase/sale agreement of 23 December 2020 regarding the acquisition of 70% of the PHI DATA shares. This subsequent payment was made on the basis of the result achieved by PHI DATA for the financial year ending on 30 June 2021.

On 29 December, Simac acquired an additional 2,700 shares in aQuestora bv, thereby expanding its interest in this group company from 85% to 100%. Since aQuestora had already been included in the consolidation before this transaction, the expansion of the shareholding has no bearing on the consolidation, except for the reduction of third-party interest from 15 to 0% in equity and result after taxes for this group company. Goodwill has been recorded on the acquisition of the additionally shares acquired.

Upon the acquisition of 70% of the shares of Wavetel SAS in 2018, Simac obtained an option to purchase the remaining 30%, with the current 30% shareholder having a right to sell to Simac. The possibility of exercising both options is subject to a standstill period of three years after the acquisition. After the end of the standstill period, both parties have decided to continue the cooperation on the current basis.

When acquiring 70% of the shares of PHI DATA NV in 2021, Simac made agreements about the acquisition of the remaining 30%. These agreements have been laid down in an option agreement between the parties. 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 by 1 September 2025 at the latest.

Simac has not formed a provision for possible obligations arising from the future execution of the option agreements in connection with the acquisition of the remaining shares of Wavetel and PHI DATA.

Amounts in thousands of Euros

3. Intangible fixed assets

Statement of movements	Goodwill	Other	Total 2021	Total 2020
Acquisition value	14,212	297	14,509	9,402
Cumulative depreciation	5,794	194	5,988	4,049
Carrying amount as at 1 January	8,418	103	8,521	5,353
Investments	-	1,179	1,179	-
Acquisition of subsidiaries	450	-	450	5,099
Acquisition of other participating interests	449	-	449	-
New consolidation	-	-	-	8
Other changes	-10	-	-10	-
Changes in acquisition value	889	1,179	2,068	5,107
Depreciation	2,617	50	2,667	1,937
New consolidation	-	-	-	2
Other changes	-	2	2	1
Changes in cumulative depreciation	2,617	52	2,669	1,939
Acquisition value	15,101	1,476	16,577	14,509
Cumulative depreciation	8,411	246	8,657	5,988
Carrying amount as at 31 December	6,690	1,230	7,920	8,521

Acquisitions of subsidiaries and other participating interests relate to goodwill identified in the following acquisitions:

- Increase of interest in aQuestora bv from 85% to 100%
- Subsequent payment due to the acquisition in 2021 of 70% of the shares of PHI DATA
- Acquisition of a 30% equity interest in Meditools bv

Investments in other intangible fixed assets concern the partial implementation of a new ERP system in the Netherlands. This investment will be further expanded in the coming financial year.

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 2021	Total 2020
Acquisition value	6,349	26,693	33,042	22,256
Cumulative depreciation	3,909	18,501	22,410	15,645
Carrying amount as at 1 January	2,440	8,192	10,632	6,611
Investments	1,392	4,777	6,169	4,680
Disinvestments	-1,337	-627	-1,964	-484
New consolidations	-	-	-	6,469
Other changes	10	-	10	121
Changes in acquisition value	65	4,150	4,215	10,786
Depreciation	456	3,523	3,979	2,331
Disinvestments	-1,337	-342	-1,679	-408
New consolidations	-	-	-	4,217
Other changes	4	-	4	625
Changes in cumulative depreciation	-877	3,181	2,304	6,765
Acquisition value	6,414	30,843	37,257	33,042
Cumulative depreciation	3,032	21,682	24,714	22,410
Carrying amount as at 31 December	3,382	9,161	12,543	10,632

Investments in company buildings and grounds during the financial year largely relate to the start of the construction of a new head office for Simac Belgium. Completion is currently scheduled for 2023. The total investment (including furnishing) is expected to amount to € 10.2 million. Other investments in buildings concern lessee investments. Investments in leased properties are depreciated over the lease period.

Investments in other fixed assets during the financial year include € 305 (2020: € 702) relating to exchange parts, € 3,466 (2020: € 2,267) to automation including the Simac Power Cloud and € 708 (2020: € 2,811) to machinery and equipment.

The disinvestment in buildings concerns the demolition of the existing office of Simac Belgium. The new building will be erected on the land that has become available. Disinvestments of other fixed assets during the financial year are accounted for by exchange parts, machinery and equipment and automation.

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

	2021	2020
Non-consolidated participating interests	1,426	1,510
Receivables from participating interests	1,562	1,386
Receivables from shareholders	3,633	3,633
Other receivables	4,053	1,497
	10,674	8,026

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
		2021	2020		
Centrale 24 Techniek bv	Eindhoven	50%	50%	-1,983	-648
Chess Wise bv	Haarlem	45%	45%	-5,329	-1,019
Meditools bv	Uden	30%	-	788	-131
Passengera SRO		27%	27%	-2,066	-603
Simac Professional SA	Prague	50%	50%	736	245
	Luxembourg				

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 reporting of these participating interests as at 31 December 2021.

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

With the exception of the interests in Sensite Solutions bv and Vital10 Holding bv, the participating interests <20% are included at acquisition price. Both of these stated interests have been written down to zero.

Acquisition of interests concerns Meditools bv and Breedband Regio Eindhoven bv. These transactions are explained in more detail in note 2.

Amounts in thousands of Euros

	Total	Total
Changes in participating interests during the financial year	2021	2020
Balance as at 1 January	1,510	1,489
Acquisition of interests	805	100
Sale of interests	-	-321
Group company identification	-	-406
Share in the result from participating interests	-379	640
Dividend received	-62	-
Translation differences	1	8
Recognition of goodwill	-449	-
Balance as at 31 December	1,426	1,510

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

Changes in receivables during the financial year	Participating interests	Shareholders	Other	Total 2021	Total 2020
Nominal balance as at 1 January	4,132	3,633	3,181	10,946	10,612
Provisions	840	-	2,605	3,445	3,497
Repayments	-	-	-	-	-2,641
New consolidations	-	-	-	-	-522
Other changes	50	-	-50	-	-
Nominal balance as at 31 December	5,022	3,633	5,736	14,391	10,946
Write-down of receivables	-3,460	-	-1,683	-5,143	-4,430
Carrying amount as at 31 December	1,562	3,633	4,053	9,248	6,516

Financing has been provided to non-consolidated participating interests. In the 2021 financial year, this largely concerns accounting for financing to Chess Wise bv. This concerns financing that is attributable to Simac since the acquisition of this interest. Receivables from participating interests are partly provided and accounted for at book value, based on Simac's share in the net asset value.

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 through Leaseplan Nederland NV. This concerns self-financing of lease cars in use. The residual value of this loan changes with the net amount invested 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 2021	Total 2020
Deferred tax assets		
Balance as at 1 January	68	426
Realization of deferred tax assets	-	-354
Recognition of losses not valued previously	-	-
Valuation adjustment	6	-4
Balance as at 31 December	74	68

Deferred tax assets of € 74 (2020: € 68) consist of temporary differences between commercial and tax valuations and are attributable to Simac Technik CR AS.

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 2021	Total 2020
Statement of available losses and valuation at year-end		
Offsettable losses in the Netherlands	1,517	1,517
Available losses	1,517	1,517
Less: non-valued losses	1,517	1,517
Valued losses	-	-
Valuation on the balance sheet at year-end	-	-

Amounts in thousands of Euros

The offsetable 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.

Deferred tax liabilities

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

7. Inventories

	2021	2020
Trading stocks	5,384	4,727
Provision for unsaleable items	-1,284	-1,800
	4,100	2,927

The trading stock that is valued at a lower net realizable value amounts to € 3,403 (year-end 2020: € 3,075). 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, € 193 was credited to the results (2020: € 221 credited to the results).

8. Work in progress

	2021	2020
Capitalized costs	19,758	18,594
Invoiced installments	-24,245	-17,612
Balance of work in progress	-4,487	982

Project income realized during the financial year on work in progress instructed by third parties amount to € 115,077 (2020: € 94,769) 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.

	2021	2020
Capitalized costs higher than invoiced installments	4,733	5,482
Invoiced installments higher than capitalized costs	-9,220	-4,500
Balance of work in progress	-4,487	982

Amounts in thousands of Euros

9. Trade receivables

	2021	2020
Trade receivables	67,715	56,980
Provision for bad debts	-1,239	-1,292
	66,476	55,688

Additions to and releases from the provision for bad debts are included in other operating expenses. For the financial year, € 41 was credited to the results (2020: € 57 charged to the results).

10. Other receivables, including prepayments

	2021	2020
Costs of service contracts to be amortized	11,636	11,467
Turnover to be invoiced	1,783	1,137
Other receivables	131	238
Other items to be amortized	2,023	2,409
	15,573	15,251

The expected long-term part of the costs of service contracts to be amortized is € 3,408 (2020: € 2,921). 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

	2021	2020
Bonds Groupama SA (France)	238	226
	238	226

12. Liquid assets

Some of the balance of liquid assets at the end of the financial year concerns € 201 (2020: € 427) 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 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
Statement of changes in 2021			
Balance as at 1 January 2021	52,958	2,335	55,293
Group result after taxes	3,732	663	4,395
Translation differences	95	28	123
Total result for the financial year	3,827	691	4,518
Changes minority interests	-	-152	-152
Dividends paid	-1,647	-367	-2,014
Transactions with shareholders	-1,647	-519	-2,166
Balance as at 31 December 2021	55,138	2,507	57,645

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 minority interests in group companies. At the end of the financial year, this concerns the following interests:

- 30% interest PHI DATA
- 30% interest Wavetel
- 20% interest Simac Technik CR

In December, following the acquisition of the remaining 15% of the shares by Simac, the minority interest in aQuestora decreased to zero.

Amounts in thousands of Euros

14. Provisions

Specification of other provisions	2021	2020
Long-service bonuses	1,289	1,367
Financing obligations	1,000	1,000
Restructuring	1,591	726
Other	156	147
	4,036	3,240

	2021	2020
Balance as at 1 January	3,240	3,315
Made during the financial year	1,645	455
Used during the financial year	-752	-330
Other changes	-97	-200
Balance as at 31 December	4,036	3,240

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. 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 € 0.8 million (2020: € 1.5 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 18.

Amounts in thousands of Euros

16. Taxes and social security contributions

	2021	2020
Turnover tax	3,339	3,763
Wage tax	1,204	1,321
Corporation tax	719	1,217
Social security and pension contributions	884	817
	6,146	7,118

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

Corporation tax includes an amount of € 1,138 (2020: € 849) that relates to the tax entity headed by Simal Beheer bv, of which Simac is a part up to and including the 2021 financial year.

17. Other payables, accruals and deferred income

	2021	2020
Contract turnover still to be amortized	14,093	14,800
Holiday pay and days' holiday	8,374	7,616
Employee benefits	6,599	6,297
Other items to be amortized	9,232	8,214
	38,298	36,927

The expected long-term part of the contract turnover to be amortized is € 3,446 (2020: € 4,135). 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.

18. 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.

Amounts in thousands of Euros

Interest rate risk

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

Fair value

Participating interests in which no significant influence is exerted on the operational and financial policies are valued at acquisition price, as a result of which the fair value can deviate substantially. Quoted market prices are not available for any of these participating interests. Other differences between the carrying amounts of the financial assets and liabilities are assumed to be insignificant.

4. COVID-19 risk

A particular business risk concerns the potential consequences of the ongoing COVID-19 pandemic. The experiences during the 2021 financial year have shown that the consequences for Simac are manageable so far. Although the result has decreased compared to 2020, 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 2022. 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 2021.

19. Rights and obligations not included in the balance sheet

Operational lease obligations	Rent	Cars	2021	2020
Less than 1 year	2,565	5,226	7,791	6,733
Between 1 and 2 years	1,370	3,821	5,191	6,223
Between 2 and 3 years	1,023	2,697	3,720	3,665
Between 3 and 4 years	745	1,553	2,298	2,400
Between 4 and 5 years	93	514	607	1,181
More than 5 years	80	10	90	171
	5,876	13,821	19,697	20,373

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 € 2.3 million (2020: € 1.2 million).

Amounts in thousands of Euros

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

During the financial year, Simac has started the construction of a new office building in Haasrode (Belgium). Current expectations are that the total investment (including furnishing) up to delivery will amount to € 10.2 million. A sum of € 1.2 million of this was invested at the end of the financial year. After completion, which is scheduled for 2023, Simac will transfer the property to Simal Beheer bv while simultaneously concluding a lease.

Based on the outstanding orders for the vehicle fleet on the reporting date, Simac expects an additional self-financing obligation of € 2.2 million in 2022.

20. Net turnover

Per sales category	2021	2020
Sale and installation of goods (including projects)	161,132	130,314
Service and management contracts	101,546	94,736
Other services	27,474	27,392
	290,152	252,442

Per business segment	2021	2020
Information Technology Netherlands	140,402	123,515
Information Technology abroad	117,220	93,332
Smart Solutions	33,264	37,592
Holding and eliminations	-734	-1,997
	290,152	252,442

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

21. Personnel expenses

	2021	2020
Wages and salaries	71,629	66,891
Social security and pension contributions	16,259	15,377
	87,888	82,268
Average number of employees (full-time equivalents)	2021	2020
Business segments		
Information Technology Netherlands	618	608
Information Technology abroad	324	275
Smart Solutions	195	198
Holding	34	30
	1,171	1,111
Geographically		
The Netherlands	850	842
Belgium	179	139
Czech Republic	87	85
Abroad - other	55	45
	1,171	1,111
Number of employees as at the balance sheet date (full time equivalents)	1,171	1,128

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

The average number of temporary staff during the financial year was 189 (2020: 161).

22. Other operating expenses

	2021	2020
Other personnel expenses	9,854	7,487
Accommodation costs	4,976	4,879
Car and travel costs	7,807	7,848
Telecommunications and automation costs	4,072	3,015
Publicity costs and costs to sell	2,204	1,429
Other costs	4,204	3,696
	33,117	28,354

Amounts in thousands of Euros

Other personnel expenses include the costs of hiring indirect personnel, training costs and expense allowances. In the financial year, this item includes the costs of the celebration of Simac's 50th anniversary, as of 1 October 2021.

Car and travel costs mainly concern operational lease terms for cars. The increase in telecommunications and automation costs is partly in relation to the accounting for internal costs of an ERP implementation. These will not be capitalized.

Publicity costs have been intensified to support Simac's brand awareness. Some notable expenses concern sponsorships for PSV Eindhoven (football) and the Simac Ladies Tour (cycling).

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

External auditor fees	BDO NL	BDO Network	Other	2021	2020
Annual audit	255	22	34	311	300
Other financial statements activities	-	-	-	-	-
Tax consultancy fees	63	-	5	68	73
Other advisory work	-	-	15	15	45
	318	22	54	394	418

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.

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

	2021	2020
Changes in the value of receivables	-663	-2,305
Changes in the value of investment	12	7
	-651	-2,298

Changes in the value of receivables concern financing to non-consolidated participating interests in both 2020 and 2021.

Amounts in thousands of Euros

24. Taxes on profit

Taxes on profit included in the profit and loss account	2021	2020
Taxes due for the financial year	-2,536	-1,700
Tax adjustments from previous years	-	-
Current taxes	-2,536	-1,700
Realization of deferred tax assets	-	-354
Recognition of deferred tax assets	-	-
Deferred taxes	-	-354
Total of current and deferred taxes	-2,536	-2,054

Reconciliation statement of the effective tax burden	2021	2020
Result before taxes	6,932	7,322
Nominal income taxes (25%)	-1,733	-1,830
<i>Effect on nominal tax of:</i>		
Cost corrections for tax purposes	-837	-415
Participation exemption	-95	80
Rate differences	26	-20
Tax corrections	103	131
Effective income taxes	-2,536	-2,054
Effective tax burden	-36.6%	-28.1%

The nominal tax rate is based on the Dutch corporation tax rate. The first income tax band of 16.5% (2020: 16.5%) has not been taken into account when calculating nominal income tax.

Cost corrections for tax purposes largely relate to the effect of non-tax offsetable goodwill amortization in the Netherlands and rejected expenses in Belgium.

Tax corrections in both the 2020 and 2021 fiscal years 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 2021 and 2020, income taxes are not included in equity directly.

25. Related parties

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

Simal Beheer bv

Simal Beheer bv is Simac's parent company and owns all outstanding preference shares A and B, as well as 98.7% of the outstanding ordinary shares. 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. This tax entity was terminated as of 31 December 2021.

Simal Beheer bv acts as secretary for the financing of Chess Wise bv, a 45% participating interest of Simac. At the end of the financial year, the financing attributable to Simac up to and including 2020 have been settled for an amount of € 2,600. The financing in 2021 will be settled between Simac and Simal later.

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

Other related parties

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

26. Events after the balance sheet date

Recently, Europe has been unpleasantly surprised by the illegitimate military invasion by the Russian Federation into the sovereign state of Ukraine. It is clear that this event has and will have major military, humane and political consequences. It is also expected to have a negative impact on the economic situation in the European Union. The exact consequences for Simac's activities cannot be quantified at the moment. Simac has established that there are few or no trade or business relationships with organizations or companies from the Russian Federation.

SIMAC FINANCIAL STATEMENTS OF 2021

Company financial statements of 2021

Amounts in thousands of Euros

Company balance sheet before profit appropriation

as at 31 December 2021 (2020)

ASSETS	Note	2021	2020
Intangible fixed assets	2	6,533	8,030
Tangible fixed assets	3	275	453
Financial fixed assets	4	57,681	53,110
Fixed assets		64,489	61,593
Receivables	5	3,878	4,114
Liquid assets		14,117	15,352
Current assets		17,995	19,466
Total assets		82,484	81,059

LIABILITIES	Note	2021	2020
Share capital		3,953	3,953
Share premium		68,660	68,660
Statutory reserves		155	57
Other reserves		-21,362	-24,380
Unappropriated result		3,732	4,668
Equity	6	55,138	52,958
Provisions	7	2,815	3,003
Short-term liabilities	8	24,531	25,098
Total liabilities		82,484	81,059

Company profit and loss account

for the financial year ending on 31 December 2021 (2020)

	Note	2021	2020
Result from participating interests after taxes	4	11,241	8,439
Result from holding company after taxes		-7,509	-3,771
Result after taxes		3,732	4,668

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	2021	2020
Acquisition value	13,422	8,323
Cumulative depreciation	5,392	3,733
Carrying amount as at 1 January	8,030	4,590
Acquisition of group companies	450	5,099
Acquisition of participating interests	449	-
Changes in acquisition value	899	5,099
Depreciation	2,396	1,659
Changes in depreciation	2,396	1,659
Acquisition value	14,321	13,422
Cumulative depreciation	7,788	5,392
Carrying amount as at 31 December	6,533	8,030

On 2 June, Simac acquired 2,800 shares B in Meditools bv, representing a 30% interest. Goodwill has been recorded for in this acquisition.

On 28 December, Simac effected a subsequent payment of the purchase price, in accordance with the purchase/sale agreement of 23 December 2020 regarding the acquisition of 70% of the PHI DATA shares. This subsequent payment was made on the basis of the result achieved by PHI DATA for the financial year ending on 30 June 2021.

On 29 December, Simac acquired an additional 2,700 shares in aQuestora bv, thereby expanding its interest in this group company from 85% to 100%. Goodwill has been recorded on the acquisition of the additionally shares acquired.

Simac has not formed a provision for possible obligations arising from the future execution of the option agreements in connection with the future acquisition of the remaining 30% of shares of Wavetel and PHI DATA.

Goodwill will be amortized over five years, subject to the aforesaid exception.

Amounts in thousands of Euros

3. Tangible fixed assets

STATEMENT OF MOVEMENTS	Company buildings and grounds	Other fixed assets	2021	2020
Acquisition value	1,207	746	1,953	1,948
Cumulative depreciation	850	650	1,500	1,298
Carrying amount as at 1 January	357	96	453	650
Investments	-	-	-	4
Changes in acquisition value	-	-	-	4
Depreciation	133	45	178	201
Changes in depreciation	133	45	178	201
Acquisition value	1,207	746	1,953	1,952
Cumulative depreciation	983	695	1,678	1,499
Carrying amount as at 31 December	224	51	275	453

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

	2021	2020
Participating interests in group companies (DG)	48,046	44,430
Other participating interests (AD)	1,202	1,392
Other receivables (OV)	8,433	7,288
	57,681	53,110

Amounts in thousands of Euros

STATEMENT OF MOVEMENTS	DG	AD	OV	Total 2021	Total 2020
Balance as at 1 January	44,430	1,392	7,288	53,110	47,667
Disposals and repayments	-	-	-50	-50	-2,921
Acquisitions and provisions	152	252	3,113	3,517	6,780
Result from participating interests	11,620	-379	-	11,241	8,439
Liquidations	1,990	-	-	1,990	-
Dividends received	-8,923	-63	-	-8,986	-3,834
Translation differences	98	-	-	98	-156
Realization of deferred tax	-	-	-	-	-354
Changes in provisions	-1,442	-	-663	-2,105	-
Other changes	121	-	-1,255	-1,134	-2,511
Balance as at 31 December	48,046	1,202	8,433	57,681	53,110

On 31 August, Simac Holding Belgium NV, a 100% subsidiary, and Simac Techniek NV signed an agreement to transfer 195 shares of Simac NV. Simac NV is, partly indirectly, an existing 100% subsidiary. In fact, the control and ownership structure has not changed.

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

- On 2 June, a 30% interest was acquired in Meditools bv
- On 30 December, the interest in aQuestora bv was increased from 85 to 100%
- Effects of liquidations of two group companies have been accounted for administratively

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 2021 consist of € 5,196 (2020: € 6,274) from receivables from participants and participating interests and € 3,237 (2020: € 1,014) from other interest-bearing receivables. The other changes in receivables of € 1,255 relate to the identification of a receivable from a group company. Amounts in thousands of Euros

At the end of the financial year, no deferred tax assets were capitalized.

5. Receivables

	2021	2020
Trade receivables	462	244
Group companies	3,205	3,669
Taxes and social security contributions	109	143
Other receivables, including prepayments	102	58
	3,878	4,114

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 2021	Total 2020
Balance as at 1 January	3,953	68,660	57	-24,380	4,668	52,958	50,674
Result after taxes	-	-	-	-	3,732	3,732	4,668
Dividends paid	-	-	-	-	-1,647	-1,647	-2,228
Profit appropriation							
previous financial year	-	-	-	3,021	-3,021	-	-
Translation differences	-	-	98	-3	-	95	-156
Balance as at 31 December	3,953	68,660	155	-21,362	3,732	55,138	52,958

The authorized capital amounts to € 9,000, of which € 3,953 is 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 2021 is included in the item classified result of equity. The profit appropriation for the 2020 financial year is included in accordance with the decision made in the general meeting of shareholders of 24 June 2021.

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 2021 financial year:

- 6% dividend on preference shares A € 30,000
- 6% dividend on preference shares B € 600,000
- € 0,05 per ordinary share € 726,570

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 2021. 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.

7. Provisions

	2021	2020
Participating interests	526	636
Long-service bonuses	1,289	1,367
Financing obligations	1,000	1,000
	2,815	3,003

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

	2021	2020
Trade receivables	490	377
Group companies	20,102	21,347
Taxes and social security contributions	1,188	864
Other payables, accruals and deferred income	2,751	2,510
	24,531	25,098

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

Amounts in thousands of Euros

9. Remuneration of board directors and supervisory directors

In the financial year, an amount of € 623 (2020: € 604) was charged to the company on account of the remuneration of directors. The remuneration for supervisory directors in the financial year was € 79 (2020: € 78). 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 most of 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 2022

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 2021 financial statements incorporated in the annual report

Our opinion

We have audited the 2021 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 2021 and the result for 2021, 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 2021;
2. the consolidated and separate profit and loss account for 2021; 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 2022

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.