



Annual Report 2022

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This annual report 2022 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

During the past year, Simac achieved great turnover growth. The result was positive, but under pressure compared to previous years. This is the result of higher costs, partly due to continued investments in new activities. Within the largest operating company, Simac IT NL, the attention further focused on rejuvenating management and transforming its services into more standard services.

While the result in the Netherlands was considerably lower, the IT companies in Belgium, Luxembourg, the Czech Republic and France continued to perform well. The majority of specialized companies concluded 2022 with a profit as well.

The outlook for 2023 is uncertain. Tensions in Europe and the world are mounting and companies and institutions are cautious about their investments. The costs have increased sharply as a result of inflation and we cannot fully pass this on to our customers in all cases. Cyber security remains a major risk and the situation on the labor market also remains difficult. Recruiting and retaining well-qualified employees is a challenge.

We predict 2023 to be an uncertain and challenging year. We will continue to invest in activities where we see opportunities and in which we have been active in recent years. We have decided to strengthen the organization and we will also manifest ourselves more emphatically commercially. On balance, we expect to achieve a modest positive result and a slight increase in turnover in 2023.

In 2023, the board of directors of the holding company Simac Techniek NV will be expanded. In addition to Eric van Schagen and Michael van Kasteren, the board of directors will be strengthened with Maartje van Schagen and Ine Frings. On 1 October 2023, Maartje van Schagen will take over the CEO role from Eric van Schagen, which means the third generation will be taking over the helm at Simac.

We would like to take this opportunity to thank our customers for their trust in Simac, the assignments and the positive cooperation in 2022. 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, 22 March 2023

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 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 2022
- Chairman of the board of Sports and Technology Eindhoven
- Chairman of MMC Innovatiefonds
- Chairman 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 CPA (1961), DUTCH

CFO

M.J. VAN SCHAGEN, MSc (1983), DUTCH

Board member

Supervisory board of Simac Techniek NV

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

Chairman

First appointment in 2014

Eligible for reappointment in 2023

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

First appointment in 2003

Eligible for reappointment in 2024

Former member of the board of ASML

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

Member

First appointment in 2018

Eligible for reappointment in 2026

Former managing director of the Nederland ICT trade association

Key ancillary positions:

- Chairman Modint, trade association for textiles, clothing, carpets and interior fabrics in the Netherlands
- Member of the executive board of VNO-NCW in The Hague
- Chairman of the Supervisory Board of Kruitbosch BV
- Member of the board of Euratex, the European textile and clothing association

W. VAN WINDEN (1952), DUTCH

Member and chairman of the audit committee

First appointment in 2014

Eligible for reappointment in 2023

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. 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 2022, this involved a list of 98 different charities in total. Special attention is given to the charities that are suggested by Simac staff themselves. Each quarter, a total of ten charities receive financial support under the name of Simac Heart. An important criterion in the selection process is the degree of involvement of the Simac staff member in the charity that he or she proposes.

Amounts in thousands of Euros

Financial state of affairs

Key points

- Net turnover rises by 10.0%, from € 284.7 million to € 313.1 million.
- Operating result falls from € 8.1 million to € 3.6 million. Exclusive of amortization, the operating result (EBITDA) falls from € 14.8 million to € 10.1 million
- Result after taxes falls from € 3.7 million to € 2.1 million
- The cash position at year-end 2022 amounts to € 17.9 million (2021: € 24.0 million)
- Solvency based on group equity at year-end 2022: 34.0% (2021: 39.4%)

Results

The results can be summarized as follows:

Condensed consolidated profit and loss account	2022	2021
Net turnover	313,093	284,683
Subcontracted work and other external costs	-173,812	-149,192
Gross profit	139,281	135,491
Other operating income	456	276
Personnel expenses	-91,961	-87,888
Other operating expenses	-37,668	-33,117
Operating result before depreciation (EBITDA)	10,108	14,762
Depreciation of (in)tangible fixed assets	-6,515	-6,646
Operating result	3,593	8,116
Financial income and expenses	579	-1,184
Group result before taxes	4,172	6,932
Taxes result from ordinary business operations	-1,506	-2,537
Third-party interest	-539	-663
Result after taxes	2,127	3,732

Changes in group structure

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

- Sale of the 4% interest in Inteno Group AB
- Acquisition of 11% interest in Inteno Holding AB
- The name of NBriX Datacenter bv has been changed to Simac Cyber Security bv
- The name of Simac Participaties bv has been changed to Simac BCI bv

The book profit on the sale of the 4% interest in Inteno Group AB is recorded under the outcome of financial income and expenses. Simac used the proceeds of the sale of Inteno Group AB, supplemented by its own resources, to acquire an 11% interest in Inteno Holding AB.

Applied changes in DASB guidelines

With effect from the 2022 financial year, Simac applies the new guidelines of the Dutch Accounting Standards Board (DASB) regarding the processing of income. This concerns DASB guideline 221 (Work in progress) and DASB guideline 270.1 (Processing of income). The following reporting changes have been incorporated:

- Work in progress is not set off in the balance sheet, but recorded as an asset (in the case of a debit balance) or as a liability (in the case of a credit balance).
- changes in work in progress are no longer recorded as changes, but as net turnover.

Net turnover

Net turnover rises by 10.0%, from € 284.7 million to € 313.1 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 7.3% from € 155.7 million to € 167.0 million and at service and management contracts by 8.1%, from € 101.5 million to € 109.8 million. Turnover in other services rises by 32.0%, from € 27.4 million to € 36.3 million.

Net turnover per category	2022	2021
Sale and installation of goods (including projects)	167,017	155,663
Service and management contracts	109,815	101,546
Other services	36,261	27,474
Net turnover	313,093	284,683

Turnover at Information Technology Netherlands rises by 6.0%, from € 138.4 million to € 146.7 million. Turnover at Information Technology abroad rises by 8.8%, from € 116.1 million to € 126.3 million. Turnover at Smart Solutions rises by 32.6%, from € 30.7 million to € 40.7 million.

Net turnover per business segment	2022	2021
Information Technology Netherlands	146,654	138,374
Information Technology abroad	126,257	116,073
Smart Solutions	40,734	30,715
Holding and eliminations	-552	-479
Net turnover	313,093	284,683

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

Gross profit

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

The gross profit for the financial year amounts to € 139.3 million (2021: € 135.5 million). The gross profit percentage compared to turnover falls from 47.6% to 44.5%. 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 4.6%, from € 87.9 million to € 92.0 million. As a percentage of turnover, personnel expenses fall from 30.9% to 29.4%.

A total of € 74.9 million of personnel expenses (2021: € 71.6 million) is accounted for by wages and salaries. This also concerns € 17.0 million (2021: € 16.3 million) in social security and pension contributions. Social security and pension contributions as a percentage of wages and salaries amount to 22.7% (2021: 22.7%).

The increase in personnel expenses is partly due to the expansion of the workforce. Periodic and incidental wage rises have also been processed. The average number of employees (FTE) increases by 13, from 1,171 in 2021 to 1,184 in 2022. The average number of employees in the Netherlands at the end of the financial year is 1,200 (2021: 1,171). The number of employees in the Netherlands is 866 (2021: 850). The number of external temporary staff during the financial year was 226 (2021: 189).

Other operating expenses

Other operating expenses rise from € 33.1 million to € 37.7 million. The biggest rise can be seen in general costs, rising by € 1.6 million from € 4.2 million to € 5.8 million. Other personnel expenses rise by € 0.9 million, from € 9.9 million to € 10.8 million. Partly as a result of the increase in energy and fuel prices, accommodation and car costs rise by € 0.6 million and € 0.7 million respectively. Accommodation costs therefore amount to € 5.6 million and car and travel costs to € 8.5 million. Telecommunications and automation costs rise by € 0.5 million to € 4.5 million and publicity costs by € 0.3 million to € 2.5 million.

Depreciation of (in)tangible assets

Depreciation and impairments fall from € 6.6 million in 2021 to € 6.5 million in 2022. Intangible fixed assets were amortized by € 2.6 million (2021: € 2.7 million) and tangible fixed assets were depreciated by € 3.9 million (2021: € 3.9 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 expenses consists of € 1.4 million (2021: € -0.4 million) from the share in the results of non-consolidated participating interests and for € 0.5 million (2021: € 0.2 million) from the balance of interest charges and income. The result from participating interests for the financial year was influenced positively by the sale of the 4% interest in Inteno Group AB.

Amounts in thousands of Euros

In the financial year, long-term receivables were depreciated by € -1.3 million (2021: € -0.7 million). This depreciation relates to the financing of non-consolidated participating interests.

Income taxes

The effective income taxes expressed as a percentage of the group result before taxes fall from 36.6% to 36.1%. Excluding the effect of non-tax offsettable goodwill amortization, the effective tax burden amounts to 23.0% (2021: 27.9%).

A total of € 0.5 million of current taxes on result (2021: € 1.2 million) relate to corporation tax in the Netherlands and € 1.5 million (2021: € 1.3 million) to foreign jurisdictions. Due to tax losses in the Netherlands, an amount of € 0.5 million in deferred taxes has been capitalized.

Financial position

The condensed consolidated balance sheet is as follows:

Condensed consolidated balance sheet	2022	2021	Change
Intangible fixed assets	5,644	7,920	-2,276
Tangible fixed assets	18,272	12,543	5,729
Financial fixed assets	20,314	10,674	9,640
Deferred tax assets	566	74	492
Fixed assets	44,796	31,211	13,585
Inventories and work in progress	16,588	8,833	7,755
Receivables	92,988	82,049	10,939
Investments	238	238	-
Liquid assets	17,885	24,023	-6,138
Current assets	127,699	115,143	12,556
Total assets	172,495	146,354	26,141
Group equity	58,647	57,645	1,002
Provisions	6,213	4,036	2,177
Long-term liabilities	101	88	13
Short-term liabilities	107,534	84,585	22,949
Total commitments	113,848	88,709	25,139
Total liabilities	172,495	146,354	26,141

Amounts in thousands of Euros

Total assets rise by € 26.1 million, from € 146.4 million to € 172.5 million. Fixed assets rise by € 13.6 million, from € 31.2 million to € 44.8 million. This increase concerns tangible and financial fixed assets with a total increase of € 15.4 million. Intangible fixed assets fall by € 2.3 million. Current assets rise by € 12.6 million, from € 115.1 million to € 127.5 million. This increase concerns inventories and work in progress, which rise by € 7.8 million and receivables, which rise by € 10.9 million. Liquid assets fall by € 6.1 million.

Group equity rises by € 1.0 million, from € 57.6 million to € 58.6 million. Short-term liabilities rise by € 22.9 million, from € 84.6 million to € 107.5 million. Provisions rise by € 2.2 million, from € 4.0 million to € 6.2 million.

The financing analysis below shows that the surplus of available long-term financing compared to fixed assets has decreased by € 10.4 million, from € 30.6 million to € 20.2 million. This decrease is largely explained by the increased investment in fixed assets. This item rises by € 13.6 million, from € 31.3 million to € 44.8 million.

The investment in working capital falls by € 4.2 million, from € 6.5 million to € 2.3 million. The cash position falls by € 6.1 million, from € 24.0 million to € 17.9 million.

Financing analysis	2022	2021	Change
Available long-term financing	64,961	61,769	3,192
Less: fixed assets	-44,796	-31,212	-13,584
Financing surplus	20,165	30,557	-10,392
Working capital	2,280	6,534	-4,254
Cash position (liquid assets and credit institutions)	17,885	24,023	-6,138
Use of the financing surplus	20,165	30,557	-10,392

The fixed assets at year-end 2022 amount to € 44.8 million (2021: € 31.2 million). Intangible fixed assets fall by € 2.3 million, from € 7.9 million to € 5.6 million. During the financial year, a sum of € 0.4 million (2021: € 1.0 million) of goodwill was capitalized. This concerns the acquisition of activities in the education sector. Amortization of intangible fixed assets during the financial year amounted to € 2.6 million (2021: € 2.7 million).

Net investments in tangible fixed assets amount to € 9.6 million (2021: € 5.9 million), whereas total depreciation is € 3.9 million (2021: € 4.0 million). The carrying amount of tangible fixed assets shows a net increase of € 5.7 million, from € 12.5 million to € 18.3 million.

Amounts in thousands of Euros

The construction of a new head office for Simac Belgium was continued during the financial year. The total investment, including additional furnishing costs, is currently estimated at € 10.2 million. A sum of € 8.8 million of this was invested at the end of the financial year. The new building is expected to be completed in mid-2023. After completion, which is scheduled for mid-2023, Simac will transfer the property to Simal Beheer bv while simultaneously concluding a lease.

Financial fixed assets rise by € 9.6 million, from € 10.7 million to € 20.3 million. The carrying amount of non-consolidated participating interests rises by € 4.7 million, from € 1.4 million to € 6.1 million. A total of € 5.1 million in interests was acquired and € 1.7 million divested. The result from participating interests amounts to € 1.4 million and a dividend of € 0.1 million was received. The result from participating interests was influenced positively by € 1.4 million from the book profit realized on the sale of a participating interest.

The carrying amount of financing of participating interests rises by € 1.2 million, from € 1.6 million to € 2.8 million. Financing amounting to € 2.8 million was provided during the financial year. In 2022, based on the development of the net asset value of participating interests, € 1.0 million was written down on receivables. At the end of the financial year, the nominal value of financing in participating interests was € 7.2 million, of which € 4.5 million was written down.

At year-end 2022, the balance of deferred tax assets amounts to € 0.6 million (2021: € 0.1 million). A total of € 0.5 million of this item relates to tax losses in the Netherlands and € 0.1 million to temporary valuation differences at Simac in the Czech Republic. At the end of the financial year, Simac has a total of € 4.9 million in offsettable losses, of which € 2.1 million has been valued.

Current assets rise by € 12.6 million, from € 115.1 million to € 127.7 million. The most important change is the increase in receivables by € 10.9 million, from € 82.1 million to € 93.0 million. A sum of € 8.1 million of this increase is attributable to trade receivables, which rose from € 66.5 million to € 74.6 million. Both the growth in turnover in 2022 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 € 8.3 million (2021: € 4.1 million). The gross value amounts to € 9.8 million (2021: € 5.4 million) for which a provision has been recorded of € 1.5 million (2021: € 1.3 million). The net value of work in progress amounts to € -5.0 million (2021: € -4.5 million) and consists of the balance of capitalized costs of € 27.1 million and invoiced installments of € 32.0 million. In accordance with the amended annual reporting guidelines, € 8.3 million (2021: € 4.7 million) of work in progress has been capitalized and € 13.3 million (2021: € 9.2 million) has been shown as a liability.

Group equity rises by € 1.0 million, from € 57.6 million to € 58.7 million. The group result for the financial year after taxes amounts to € 2.7 million, of which € 2.1 million is attributable to shareholders of Simac Techniek NV. Dividends paid in the financial year amount to € 1.9 million, of which € 1.4 million is attributable to shareholders of Simac Techniek NV. At the end of the financial year, equity amounts to € 56.0 million (year-end 2021: € 55.1 million) and the third-party interest to € 2.6 million (2021: € 2.5 million).

Amounts in thousands of Euros

Provisions at the end of the financial year amount to € 6.2 million (2021: € 4.0 million). During the financial year, € 2.7 million was added to and € 0.5 million used for provisions. As at the balance sheet date, € 1.2 million of provisions relate to employee benefits. This concerns expected future jubilee benefits to Simac employees in the Netherlands. A provision of € 1 million has been included for financing obligations. Due to the expected costs of redundancies, an amount of € 2.7 million has been included. Due to the temporary vacancy of a rental property, a liability of € 0.6 million has been recorded and € 0.7 million for other provisions.

Short-term liabilities rise by € 22.9 million, from € 84.6 million to € 107.5 million. For the most part, this increase can be attributed to the development of trade creditors. This item rises by € 18.2 million, from € 30.9 million to € 49.1 million.

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

Summary of cash flows	2022	2021	Change
Cash flow from operating activities	15,093	13,235	1,858
Cash flow from investing activities	-19,582	-11,860	-7,722
Cash flow from financing activities	-1,649	-2,408	759
Change in cash	-6,138	-1,033	-5,105

The cash flow from operating activities rises by € 1.9 million, from € 13.2 million to € 15.1 million. Depreciations and changes in provisions rise by € 1.2 million, from € 7.4 million to € 8.7 million. Working capital falls by € 6.3 million (2021: € 0.6 million). Due to the decrease in operating result from € 8.1 million to € 3.6 million and paid income taxes of € 4.0 million (2021: € 2.9 million), the increase in operating cash flow compared to the previous financial year is limited to € 1.9 million.

The cash flow from investing activities for 2022 amounts to € -19.6 million (2021: € -11.9 million). The cash effect of capital interests acquired in the financial year amounts to € -5.1 million (2021: € -1.4 million). A total of € 1.7 million was received on account of divested capital interests. The balance of investments and divestments in (in)tangible fixed assets amounts to € -10.0 million (2021: € -7.1 million). The balance of issued loans and funds lent, minus repayments from outstanding loans is € -6.2 million (2021: € -3.4 million). A total of € 2.8 million of loans granted concern the self-financing of lease cars and € 2.8 million the financing of participating interests. Additional loans totaling € 1.4 million have been provided to participants.

The dividend of € 1.9 million paid in the financial year (2021: € 2.0 million) is included in the cash flow from financing activities. A sum of € 1.4 million of the dividend paid in 2022 benefited the shareholders of Simac Techniek NV.

Amounts in thousands of Euros

Long-term overview

The comparative figures in the multi-year overview for 2021, 2020, 2019 and 2018 have been adjusted in line with the new guidelines of the Dutch Accounting Standards Board (DASB) regarding the processing of income. This concerns DASB guideline 221 (Work in progress) and DASB guideline 270.1 (Processing of income).

Results	2022	2021	2020	2019	2018
Net turnover	313,093	284,683	254,841	276,272	252,072
Sale and installation of goods	167,017	155,663	132,714	142,957	133,206
Service and management contracts	109,815	101,546	94,736	90,344	86,947
Other services	36,261	27,474	27,392	42,971	31,919
Gross profit	139,281	135,491	122,866	125,426	119,586
In % of turnover	44.5%	47.6%	48.7%	45.4%	46.2%
Operating result excluding depreciation (EBITDA)	10,108	14,762	13,132	14,689	15,855
In % of turnover	3.2%	5.1%	5.2%	5.8%	6.1%
Operating result (EBIT)	3,593	8,116	8,864	11,159	13,088
In % of turnover	1.1%	2.8%	3.5%	4.0%	5.1%
Result after taxes	2,127	3,732	4,668	7,047	10,883
In % of turnover	0.7%	1.3%	1.8%	2.6%	4.2%
Average number of employees (FTE)	1,184	1,171	1,111	1,063	986

Results per employee	2022	2021	2020	2019	2018
Net turnover	264	243	229	260	256
Gross profit	118	115	110	118	121
Wages and salaries	63	61	60	61	62
Operating result	3	7	8	10	13

Amounts in thousands of Euros

Financial position	2022	2021	2020	2019	2018
Fixed assets	44,796	31,211	27,247	22,213	23,514
Current assets	127,699	115,143	104,632	104,340	98,436
Total assets	172,495	146,354	131,879	126,553	121,950
Group equity	58,647	57,645	55,293	53,395	49,189
Provisions	6,213	4,036	3,242	3,515	2,114
Long-term liabilities	101	88	95	112	164
Short-term liabilities	107,534	84,585	73,249	69,531	70,483
Total liabilities	172,495	146,354	131,879	126,553	121,950
Current assets -/- short-term liabilities	20,163	30,557	31,382	34,808	27,953
Cash position	17,885	24,023	24,580	20,808	13,556
Cash flow from operating activities	15,093	13,235	19,110	12,960	7,172
Cash flow from investing activities	-19,582	-11,860	-12,319	-3,035	-5,625
Dividends paid	-1,880	-2,014	-2,625	-3,572	-2,549
Group equity in % of total assets	34.0%	39.4%	41.9%	42.2%	40.3%

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 2022, per unit.

Information Technology Netherlands

Simac IT NL

The task for Simac IT NL in 2022 was to take steps forward and work on its future, including growth in customer loyalty and employee involvement. This required an investment, resulting in a lower financial return, yet created an enormous positive dynamic, both internally and in the market.

It is what Simac IT NL has been very strong at for years: full customer focus, flexibility towards that customer and the delivery of reliable solutions to ensure business continuity for those customers. These are values it does not want to draw on. It is in the company's DNA. And it is what has developed Simac IT NL into what it is today: a customer-oriented and modest technologist. And that's what held it back at the same time. Because the company saw the market needed more Simac. The market wants to be fed more and more, proactively, with knowledge and with innovative solutions and technologies. Last year Simac IT NL finally accepted that challenge.

There was a change of management. A director of operations strengthened the organization. The marketing department was expanded considerably to be able to move even closer to the market and to respond to the wishes and needs more powerfully than ever. Inspiration and impulses were brought in from outside. And the organization itself also changed, with simplification, professionalization and automation as key concepts. In short, it was a year of movement.

The entire process of moving had already been mapped out in the 18-21 vision. However, the corona pandemic caused a delay. The advantage of this was that there was a longer period of time available to working on support internally. If one thing has become clear in the meantime, it is that this support is omnipresent. Developments in the world have contributed to this. They showed that security is a relative concept and that as an organization you have to be ready for a future that can look completely different from the present.

A fine concrete result of this renewed dynamic in the organization is that two major customers have extended their contracts. This expresses confidence from the market in Simac IT NL as the organization that is able to adapt to the present day and the technology of tomorrow, that takes them along with it and that guides them through the full breadth of IT in their own process of transforming business models.

The year 2022 shows a lower financial result than the years before. That was also planned and expected. In the past year, Simac IT NL has invested in its own organization countercyclically. The organization was also faced with significant cost increases. Nevertheless, the prospects remain positive. There are many opportunities for an organization like Simac IT NL, which is both very close

to its customers and more than ever operates at the forefront of developments in technology. That combination is quite unique.

It was a challenging year, more so than on average, and that will continue to be the case in 2023: moving while *The Perfect Storm* is raging through the world. However, that movement has been initiated successfully, as a joint process, and is generating a new dynamic, both in the organization and in the market. This will help Simac IT NL to remain the partner of existing customers and to become that partner for new customers.

Aranea

It should have been the year in which the management consultancy was to enter somewhat calmer waters. It turned out quite differently. After which it eventually became the year with the best result since 2018.

Supporting organizations in their digital transformation. That is what Aranea does, with a team of about 30 consultants. So when two people from the board of directors are promoted to a board position in another operating company within the holding company at the beginning of 2022, the question is how the organization will handle this. Winning a large order, not on price but on quality, is perhaps the best proof that the organization has dealt well with its own changes, with more autonomy on sales and more cross-fertilization in the work.

The prospects are also rosy. There is a lot of energy in the organization and a positive vibe to tackle issues in a multidisciplinary manner. The biggest challenge is therefore mainly in finding good people to keep doing that. But the fact that Aranea has become an established name, in recent years also in the healthcare sector, strengthens the confidence that this will succeed.

aQuestora

aQuestora experienced another healthy and stable year. It is expected that stability will continue for a while, now that several larger customers have extended their contracts for another five years. Yet a new challenge beckons.

Fiber optic was initially only installed in densely populated areas. Large telecommunication parties in particular recognized a quick payback time. However, the outlying areas too needed this connectivity. Citizens' initiatives subsequently led to fiber optic cooperatives. These providers needed an independent party that could illuminate and manage the network. That party became aQuestora. It's up and running now and progressing satisfactorily, as evidenced by the contracts of some larger customers that were extended by five years in 2022.

The market is moving fast. Large telecommunication parties are investing heavily to gain market share. aQuestora too is on the move. In 2023, it wants to broaden its horizons. A lot is happening in the social field, such as the digitization of healthcare. How can aQuestora contribute to this with its expertise in connectivity? That's the question that the company will be tackling.

Simac BCI

Simac BCI started on 1 August with 2 business consultants who support organizations in implementing software solutions. Five months later, the startup has 11 FTE, with developments that include intensive collaboration with software developer AMCS, among other things. The goal for 2023 is to continue this.

There are so many wonderful software solutions that are developed by relatively small parties. They often have an incredible amount of in-house knowledge of technology, but sometimes are slightly less in touch with the business side of things, i.e. what impact their solution can have within the organization. Slightly less connected with processes and people. Simac BCI wants to be a partner for those companies.

At the startup of the company, an immediate partnership with AMCS arose. This Irish company has developed a wonderful software platform for the waste processing industry, but was faced with the challenge of implementing that platform as friendly as possible. That is what Simac BCI is doing now. This collaboration is going so well that several consultants are now working full-time for AMCS customers.

The goal for 2023 is to enter into more of these partnerships. The year 2022 was the startup year. In that year, Simac BCI already grew from 2 to 11 FTE. Further growth in the number of FTEs is on the horizon for 2023. These are people who have an affinity with software, but whose heart lies mainly in training, coaching and guiding.

Simac Cyber Security

The 24/7 monitoring of systems in order to timely detect external attacks is specialist work. So specialized that a separate operating company was set up for this this year: Simac Cyber Security.

The year 2022 was the year of setting up the organization, recruiting extra specialists and choosing a new platform. The aim is to unburden customers in monitoring their systems with continuous focus and specialization. The brand-new and advanced monitoring platform has now been set up and is ready to be used.

For 2023, the emphasis is on growth, both in the number of colleagues and the number of customers. An important pillar in this is the monitoring platform. This platform is fully equipped for the increased amount of log data that customers have to process these days. Where possible, it supports automatic processing of alarm signals. It gives Simac Cyber Security a head start in the market.

Information Technology abroad

Information Technology abroad comprises the Simac 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 is experiencing a positive flow. All business units performed well. A lot is happening in the field of innovation and the prospects are brilliant. And in 2022, a start was made on the new construction of a state-of-the-art head office.

First the head office. The existing building in Kortenberg fell short of every aspect of our future ambitions. Last year, therefore, a new plot of land was prepared. At the beginning of this year, the new building in Haasrode (near Leuven) will be completed and will then gradually be taken into use: a beautiful, state-of-the-art building in which almost all smart building technology that you will find within the Simac family has been applied. A milestone and showpiece at the same time. And... built with future growth in mind. After all, the building symbolizes the ambitions of the organization.

Earlier, Simac ICT Belgium had already made the move towards adding more value to its products. In recent years, it has focused much more on services that could be provided in addition to its existing range of solutions and products. In other words, even more service-oriented towards customers, actively including customers in solutions, from A to Z.

The next step is to press ahead and present and distinguish itself more and more in the market as an innovative party. That process has started. Each business unit, Integration, Business Management Solutions, Professional Services and DCS, follows its own path therein. Last year, this focus already resulted in contracts with large, new customers, including universities of applied sciences, tiers of government and international players in industry and the pharmaceutical sector.

In 2022, all business units showed strong growth. For a long time, the main obstacle seemed to be the troubles in the parts market. Naturally, these also impacted on Simac ICT Belgium, as the whole world was affected by this. Fortunately, Simac ICT Belgium was able to catch up in the last quarter. As a result, projects that had to be completed could actually be completed. Uncertainty in parts remains. Yet Simac has traditionally focused on entering into long-term relationships, both with customers and suppliers, and is now reaping the benefits of that, as are its customers.

The main ambition for 2023 is to continue to make inroads on the chosen path. And not only at the level of products and solutions, where the focus remains strongly on innovation, but also at customer level. Within that framework, a director of Retail Belgium has been appointed. After all, in the Netherlands, Simac, with its integrated solutions and services, has been strongly represented in retail for many years. Belgium offers opportunities in retail. Opportunities are present in any case by working even more closely with all 'brothers and sisters' within the family. There is now so much knowledge, so much innovative clout and so much energy within the entire Simac family, on so many fronts. The trick is to share this even more emphatically with each other, for the benefit of the market.

In summary, Simac ICT Belgium is experiencing a positive flow. More than just positive in fact. Hence the commissioning of the new building comes at exactly the right time. The appearance of the building matches where Simac ICT Belgium is now: a modern, progressive and appealing technology company that is completely in balance, both with its customers and suppliers and with itself.

Wavetel

In 2022, the French company WAVETEL and Belgian Simac BMS worked on the further integration of each other's services. In 2023, this should lead to a formal merger of the two entities.

Since WAVETEL became part of the Simac family in 2018, it has become increasingly involved with Simac BMS, particularly in IT Performance, Observability and Cyber Security. This has led to a role as IT Performance leader in the French market. There, WAVETEL/BMS works together with the main telecommunication companies, banks and insurance companies to monitor the global development of their customers.

WAVETEL is strongly committed to developing R&D solutions. In 2022 it launched a Load Balancer for telecommunication companies, among other things. This is an innovative tool to facilitate the analysis of network data. It is also working on detecting audio disturbances in communications through artificial intelligence.

WAVETEL/BMS wants to press ahead firmly on the chosen path; focusing on the complete, wide range of activities in test solutions for telecommunication companies, ISPs, data center operators and laboratories. New people will be recruited for this, both in technology and in sales and in Belgium, Paris and Brittany.

Simac ICT Czech Republic

As a system integrator, Simac ICT Czech Republic has earned its stripes by now, having had a positive year once again. Time to capitalize on this and switch from system integrator to trusted partner.

In 2022, Simac ICT Czech Republic again won a number of prestigious contracts, including for the police and a ministry. The company therefore continued to show growth in the field in which the company is traditionally active, despite the problems with deliveries, higher prices and an unfavorable exchange rate. By recruiting extra people for sales, the company is clear about its ambitions: it wants to be even closer to its customers. It wants to continue growing from a product-oriented organization to a solution and service-oriented company. Inspired by the same development that sister companies in the Netherlands went through before. The aim is to lift both its customers and itself to a higher service level under that large Simac umbrella.

Simac PSF

Simac PSF won some attractive service contracts in 2022. It meant pay for work: the Luxembourg company has been firmly committed to offering extra services in recent years.

Simac PSF faced plenty of challenges: in addition to the general problems with the supply of parts and rising costs, the past year was also dominated by the internal issue of having to compensate for the departure of two of the three board members. They retired. The fact that the year ended positively, with an even better result than the year before, can truly be called an achievement.

On the one hand, this growth is thanks to a clear focus on its own key competencies; on the other hand, it's the result of the previously outlined strategy to expand in managed services. This in turn has ensured that Simac PSF has come to be known as a pleasant, reliable and enterprising party, both among its customers and new employees.

Simac Professional

And there is more good news from Luxembourg. Not only did Simac Professional record a positive year in that country, it also laid a basis on which to continue this moment thanks to the acquisition of a new vendor.

In the year that Simac Professional celebrated its 10th anniversary, the focus was mainly on starting up and executing long-term contracts concluded the year before. One such example is the assignment at the European Parliament, where Simac Professional will reorganize the entire storage and backup in the coming years.

IT is developing at a very fast pace. In order to always be able to advise and implement the best solutions, Simac Professional was looking for an extra vendor. That became Pure Storage, an American company with its own philosophy and approach that markets innovative, robust and cost-efficient solutions. The first projects with Pure Storage have now been started.

One of the main challenges for 2023 is to recruit talented people to realize the ambitions. For example, there are several new requests from promising prospects and the possibility of long-term contracts again. This personnel challenge is part of the reason why the focus is exclusively on Luxembourg for the time being. The office in France will be maintained. The approach is and remains to gain a foothold in field engineering and managed services in that country, in the long term.

PHI DATA

It was a year full of positive developments for PHI DATA. The result was the best year ever in the company's 40-year history with further growth on the horizon.

PHI DATA develops and integrates Smart Edge Solutions: solutions that provide smart connections between the physical and digital chain in an organization. In other words: it creates a digital shell between the two chains through solutions in automatic identification, mobile computing and IoT. This shell helps organizations to optimize and automate their processes. It does this with an experienced team of about 45 people, operating from three branches for about a thousand customers in the most diverse segments in Belgium, Luxembourg and soon also the Netherlands.

Developments in the past year have been as diverse as its customer base. PHI DATA developed, among other things, its own software framework, on which all new application software will run, and a Smart Proximity solution for forklift trucks and warehouse workers, which should provide more safety in the logistics environments. It also entered into partnerships with Belintra and Blyott and was named partner of the year by their IoT partner Sensolus. Each and every one of these developments is a basis to carry this momentum through to the new year.

Smart Solutions

Simac Document Solutions

Working more efficiently, with fewer manual interventions and without the need for paper. Thanks to the cloud, this has become even more accessible for many organizations. Thanks to the cloud... and thanks to Simac Document Solutions, which once again showed solid growth in 2022.

Simac Document Solutions has always had a strong presence in the automotive and manufacturing industries in particular. In 2022, transport & logistics were added as permanent industries, with a few large projects from various customers. Task: providing more convenience with less paper. The expansion in the customer portfolio contributed to the best year ever for the automation company. With a well-filled order book, 2023 looks set to be another good year. The challenge therefore lies in particular in preserving the high level of in-house knowledge and service. The new ERP package, which went live on 1 January 2023, and renewed momentum from the labor market should contribute to this.

Simac Triangle

If 2021 was the year of the definitive breakthrough for the applications of Simac Triangle, 2022 was the year to live up to the high expectations of customers. The Dutch application developer succeeded in doing so, with flying colors.

The domain of social work and welfare is facing an enormous challenge: the further digitization of processes, so that it can account for its services towards its customers, such as municipalities, even better. DOCK, one of the larger parties in this domain, successfully commissioned the new Simac Triangle application in 2022. In addition, two large municipal health service institutions opted for the same platform.

Things also moved in the second domain in which Simac Triangle is active, in Managed Print Services. Disruptions in the supply chain led to shortages of printers and labels. In order to manage this better, Zebra Technologies, a world leader in innovative label printer solutions, previously entered into a partnership with Simac Triangle in the USA. In 2023, the European division of this company will start offering the application through their indirect sales channel on the Simac platform.

Simac Electronics

In a highly competitive market, Simac Electronics once again achieved a better result than the year before. Partly thanks to a strong presence in the telecommunication sector, a great assignment in Belgium and intensive cooperation with the Ministry of Defense.

Communications need to be faster and faster. Simac Electronics is reaping the benefits of this. The Netherlands and Belgium will still be fully engaged in the transition to fiber optics in the coming years. Customers like to rely on Simac Electronics because of its technical knowledge, reliable logistics and responsive service department. In Belgium, the company also won the contract to supply and support the upgrade of the 5G network in the coming years. With increasing tensions in the world, Defense wanted to invest in faster communication. In 2021, this resulted in the order to supply several mobile communication systems. After those systems quickly proved themselves, with

communications being even more reliable than via satellite, substantial follow-up orders came in 2022.

Simac Masic

It should have been the year for Simac Masic in which it wanted to make structural changes to the strongly expanded organization. The machine builder was not allowed that opportunity. Nevertheless, sales increased according to plan.

The order book was full, which included new customers, the workforce had expanded by about 30 skilled workers in recent years, despite the shortage on the labor market, and finally the news came that the company is moving to a new building...

After which the delivery problems on the parts market started, later than expected. Consequently, 2022 still became a hectic year, which was nevertheless concluded according to plan, partly thanks to a sprint in the last quarter.

Provided 2023 does not bring unexpected challenges, it will be the year in which the organization will stabilize internally. Growth on the sales side will continue, partly thanks to a strong international presence in the pharmaceutical industry, which appreciates the chosen specialization.

Simac QuadCore

From industrial automation company to solution partner. That is essentially the development of Simac QuadCore. The number of employees increased by 20% in 2022.

The market is in transformation. Smart control originated from industry 4.0, a standard that is becoming increasingly popular in machine construction. Now accounting for a substantial part of the assignments for Simac QuadCore in the industry. In addition, we have entered into a partnership in Digital Twinning; a virtual replica of a physical asset or process. It uses sensors and other data sources to collect information and creates a 'digital twin'. This can be used to develop, simulate, analyze and predict a machine before it is actually built.

To be able to fulfill this changing role, extra people have been recruited and in 2023, a lot will be invested in training both the hard skills and soft skills of our own staff. The year 2022 showed growth. The intention is to continue this in the new year.

Simac IDS

Simac IDS experienced a year full of developments, both on the product side and on the customer side, externally *and* internally. The biggest challenge now: recruiting extra engineers to capitalize on all these developments.

Simac IDS develops and integrates solutions for complex organizations in the Netherlands and the UK to be able to identify, register and track visitors and 'users'. In 2022, the company continued focusing on making its software products more modular, developed new firmware, expanded the organization to be even more responsive to customer demands and, if that wasn't enough, implemented a new ERP system.

All these developments involved a lot of investment. Nevertheless, Simac IDS concluded the year on a positive note. The year 2023 will be the year of continuing the momentum. The necessary leads are available. The biggest challenge is to expand the organization and adapt it to the various domains (education, care and recreation) in which Simac IDS has specialized with its products.

Simac Learning Solutions

Making a difference to vocational education. That is the mission of Simac Learning Solutions. In 2022, the company reinforced that ambition with two acquisitions. From 2023, the company does not want to take steps forward, but make leaps forward.

Until recently, Simac Learning Solutions was the company that marketed a learning environment for vocational education through LearningBOX, With excellent results. Nevertheless, the company partly changed its course. It saw the needs in the work and therefore also in education change. This world isn't just about what you know anymore. After all, knowledge is in your phone. It's increasingly about what your unique talents and skills are and what you do with them. Nowadays, it is also increasingly about your abilities.

The task for vocational education is therefore to focus even more on those talents and skills. In order to respond to this shift in education, Simac Learning Solutions started the development of LearningBOX4 as early as 2022, as the successor to version 3. Education needs more developed learning environments, also aimed at practice. LearningBOX4 responds to this and offers even more added value as a digital learning environment at the heart of education. A step with at least as much impact on the company's ambitions was the definitive takeover of MK Education, with whom Simac Learning Solutions had been working for some time. MK Education supports vocational education in the challenge of responding to the shift.

Another acquisition followed in November, this time of a skills tool: SkillsMETER. Another takeover that ties in with the ambition to make a real difference within vocational education. SkillsMETER guides teachers in coaching students on the basis of their skills. The year 2022 was a year of investments for Simac Learning Solutions. From 2023, these should be put into effect.

Personnel and organization

On 31 December 2022, the number of full-time employees at Simac amounted to 1200 (year-end 2021: 1,171). During the year under review, an average of 1,184 employees were employed on a full-time basis, compared to 1,171 in 2021. The average number of employees in the Netherlands is 866 (2021: 850).

The average sickness absence level in the Netherlands, exclusive of maternity leave, is 4.58% (2021: 3.9%).

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 and 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, 2022 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

Simac currently expects 2023 to be a challenging year. As in 2022, Simac takes into account the continuing effects of inflation and disruptions in the supply chain. In order to restore returns to the level of a few years ago, it is important that the cost increases faced by Simac can be compensated through efficiency improvements or price adjustments.

Employees and management have by now shown to be motivated and flexible in dealing with the challenges that arose. The board of directors is confident that the organization will be able to continue this in 2023. 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. A healthy work/life balance contributes to the well-being of employees.

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. One of the objectives for 2023 in this respect concerns the substitution of external temporary staff by in-house employees. This is also important for improving cost efficiency.

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. In 2023, Simac will focus on the implementation of ISO 27002 (Code for Information Security). In addition, Simac takes into account further investments in security, as part of which an acquisition is not excluded.

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

In the field of operational investments, Simac takes into account progress on the current implementation of a new ERP system for Simac IT NL and a new HR system for the Dutch operating companies. The new head office for Simac ICT Belgium is expected to be completed in mid-2023. After delivery, Simac expects to conclude a sale and leaseback agreement with Simal Beheer bv. This will partly normalize Simac's liquidity position. Simac further expects continued investments in security, the health care market and identification solutions. The self-financing of the leased vehicle fleet will be continued for the time being.

Investments in and financing of participating interests will also receive attention in 2023. Although the uncertainties and risks are greater here, technology and innovation offer opportunities for high returns in the future.

In 2023, 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, 22 March 2023

The board of directors,
Eric van Schagen
Michael van Kasteren
Maartje van Schagen

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 independent and 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. 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.

In 2023, the holding board will be expanded with Mrs M.J. van Schagen and Mrs I. Frings. As a result, there will be an equal male/female distribution in the board of directors. The supervisory board consists of three men and one woman.

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 assignments.

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 external 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.

Simac acknowledges that there are increasing risks of cybercrime. These risks relate to both internal business operations and services at customers. Simac has an active operating security center (SOC) in place. Simac also actively invests in this segment through Simac Cyber Security. Internal office automation will be centralized as much as possible in the coming years. This means measures can be secured more and immediate action can be taken in the event of incidents.

Within the framework of risk management, Simac Techniek NV has taken out insurance for the group where possible, thereby providing 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.

Furthermore, reference is also made to note 18 of the explanatory notes to the consolidated financial statements, as this provides further explanations of the credit, liquidity and market risks.

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

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

- group reporting schedule
- set of standard reporting formats
- accounting manual
- intercompany procedures

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

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

The board of directors of Simac Techniek NV is aware of the inherent risk of fraud that it runs in the performance of its activities, both internally and externally. In 2022, as in previous years, the board of directors conducted a fraud risk analysis, which showed, in line with expectations, that some areas of the business operations pose a higher-than-normal risk of non-compliance. In 2022, these risks received the necessary attention through the risk management and control systems implemented within Simac, as in previous years.

External parties must be able to rely on Simac and its employees to conduct business reliably, honestly and with due care. That is why Simac has drawn up a code of conduct that sets out the norms and values that apply to every Simac employee. The importance of the code of conduct and compliance is emphasized periodically. A confidential adviser and reporting point have been set up to which any malpractice can be reported confidentially. Our (financial) processes are characterized by the presence of a segregation of duties. This way we prevent that only one person can enter into, authorize, process and settle transactions or obligations and/or has access to assets without the necessary checks in place.

Despite all control measures, there remains the risk of management or directors violating measures, as well as the risk of collusion between employees. Transparent decision-making, the governance structure, an open culture in which we dare to hold each other to account, the presence of a confidential adviser to (anonymously) report unethical conduct, periodic internal and external audits of compliance with control measures, periodic consultations between the group board and the boards of operating companies must all contribute to signaling the override of controls. The foregoing applies to both domestic subsidiaries and subsidiaries established abroad. Each quarter, the boards of directors of the Simac companies report on risk management and control by means of an internal letter of confirmation.

In recent years, there have been regular reports in the media about cyber-attacks, ransomware cases and data breaches. Given Simac's activities, information security has a high priority from the perspectives of continuity, fraud and privacy and the associated reputation. As part of the information security management system, Simac completes an annual program in which priorities are determined on the basis of a business impact analysis. This is coordinated with the board of directors. Simac carries out a risk impact analysis for vital services and processes.

During day-to-day operations, checks are carried out to determine whether the work is performed in accordance with the agreements made, including the various protocols for information security. In addition, the GRC director assesses the quality and compliance of the control measures taken. The management of information security is tested periodically. Any points for improvement serve as input for further tightening and/or compliance with the information security process. Simac is ISO 27001 (Information Security) certified and is currently in the process of implementing ISO 27002 (Supplement Information Security)

The board of directors is of the opinion that, with all analyses and control measures taken, the risks related to controlled and ethical business operations are clear and are adequately mitigated.

4. 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 2022 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 90 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 87 of this report.

During the year under review, the supervisory board met seven times. One meeting was held digitally. The meetings were held in the presence of the holding board 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.

During 2022, the supervisory board was expressly involved in the decision-making regarding the succession of the CEO of Simac. In the most recent meeting of the supervisory board and the board of directors, it was decided to expand the holding board from 2 to 4 persons from May 2023. Subsequently, a request for advice on this expansion was submitted to the works council.

Other significant topics discussed during the year include:

- Monthly financial reports with insight into the development of results and financial position per operating company and consolidated.
- The adjusted forecast results on the basis of developments during the financial year, per quarter.
- Discussion of the audit report on the audit for the 2021 financial year.
- The budget, both consolidated and per operating company, for 2023.
- Discussion of developments in Simac's liquidity position.
- Developments per operating company are in some cases monitored closer as directors present their operating companies and are asked questions during the meetings.
- Developments at Simac IT NL, as the largest operating company, have been carefully monitored. This concerns financial, organizational and management developments. The board of directors of Simac IT NL has informed the supervisory board of the state of affairs several times.
- Developments in non-consolidated participating interests.
- Developments and points of consideration in the personnel policy, including future prospects for and follow-up in management, both nationally and internationally.
- 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. Attention to measures taken against cybercrime.
- Developments in the field of corporate social responsibility and environmental policy.

- Update on the organizational developments recorded in the 'Strategic Document'.
- The progress of the construction of a new head office for Simac ICT Belgium and other developments at business premises or plans thereto.

During 2022, the supervisory board held several constructive meetings with the works council. These meetings took place both with and without the board of directors. 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 met three times 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 2021 financial year. On 23 March 2022, 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 and audit report were discussed by the full supervisory board on 12 April 2022. During the meeting, the external auditor provided further explanation and answered questions.

Following the audit of the 2021 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 2022.

The chairman of the audit committee and the CFO of Simac conduct monthly digital consultations about current financial matters. Insofar as deemed important by the chairman, items discussed are placed on the agenda of the meeting of the full supervisory board.

Remuneration committee

The remuneration committee consists of Mr N.I.M. Hermans (chairman) and Mrs S.J.M. Roelofs. In 2022, the committee met three times in the presence of the CEO and CFO, the HR director and the director of Simac IT NL.

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 2022. During conversations and contact with representatives of the organization and members of the works council, 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.

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. At the same time, attention to the recovery of returns must also be given priority.

The supervisory board notes that a process of gradual rejuvenation and increasing diversity in management has been initiated. Controlled progress of this process is important to Simac's continued success in the future.

On behalf of the supervisory board,

Henk Kivits

SIMAC FINANCIAL STATEMENTS

Consolidated Financial Statement of 2022

Amounts in thousands of Euros

Consolidated balance sheet before profit appropriation

as at 31 December 2022 (2021)

ASSETS	Note	2022	2021
Intangible fixed assets	3	5,644	7,920
Tangible fixed assets	4	18,272	12,543
Financial fixed assets	5	20,314	10,674
Deferred tax assets	6	566	74
Fixed assets		44,796	31,211
Inventories	7	8,293	4,100
Work in progress	8	8,295	4,733
Trade receivables	9	74,586	66,476
Taxes and social security contributions	16	875	-
Other receivables, including prepayments	10	17,527	15,573
Investments	11	238	238
Liquid assets	12	17,885	24,023
Current assets		127,699	115,143
Total assets		172,495	146,354
LIABILITIES	Note	2022	2021
Equity		56,015	55,138
Third-party interest		2,632	2,507
Group equity	13	58,647	57,645
Provisions	14	6,213	4,036
Long-term liabilities	15	101	88
Credit institutions		-	-
Financial lease obligations	15	43	41
Work in progress	8	13,280	9,220
Trade creditors		49,122	30,880
Taxes and social security contributions	16	5,611	6,146
Other payables, accruals and deferred income	17	39,478	38,298
Short-term liabilities		107,534	84,585
Total liabilities		172,495	146,354

Amounts in thousands of Euros

Consolidated profit and loss account

for the financial year ending on 31 December 2022 (2021)

	Note	2022	2021
Net turnover	20	313,093	284,683
Other operating income		456	276
Sum of operating income		313,549	284,959
Subcontracted work and other external costs		173,812	149,192
Wages and salaries	21	74,945	71,629
Social security and pension contributions	21	17,016	16,259
Amortization of intangible fixed assets	3	2,637	2,667
Depreciation of tangible fixed assets	4	3,878	3,979
Other operating expenses	22	37,668	33,117
Total operating expenses		309,956	276,843
Operating result		3,593	8,116
Share in the result of non-consolidated participating interests	5	1,397	-379
Interest income and similar income		631	199
Changes in the value of receivables included in fixed assets and of investments	23	-1,273	-651
Interest expenses and similar expenses		-176	-353
Financial income and expenses		579	-1,184
Result from ordinary business operations before taxes		4,172	6,932
Taxes result from ordinary business operations	24	-1,506	-2,537
Group result after taxes		2,666	4,395
Third-party interest	13	-539	-663
Result after taxes		2,127	3,732

Amounts in thousands of Euros

Consolidated statement of changes in group equity

for the financial year ending on 31 December 2022 (2021)

	Equity	Third-party interest	Group equity
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 in consolidation	-	-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

	Equity	Third-party interest	Group equity
Statement of changes in 2022			
Balance as at 1 January 2022	55,138	2,507	57,645
Group result after taxes	2,127	539	2,666
Translation differences	143	34	177
Total result for the financial year	2,270	573	2,843
Changes minority interests	-36	78	42
Dividends paid	-1,357	-526	-1,883
Transactions with shareholders	-1,393	-448	-1,841
Balance as at 31 December 2022	56,015	2,632	58,647

Amounts in thousands of Euros

Consolidated statement of cash flows

for the financial year ending on 31 December 2022 (2021)

Cash flow from operating activities	2022	2021
Operating result	3,593	8,116
<i>Restatements for:</i>		
Depreciation and impairment losses	6,515	6,646
Changes in provisions	2,148	794
Total of the restatements	8,663	7,440
<i>Changes in working capital:</i>		
Inventories	-4,193	-1,173
Work in progress	498	5,469
Trade receivables	-8,108	-10,788
Other receivables, including prepayments	-1,954	-321
Trade creditors	18,241	6,721
Taxes and social security contributions	636	-650
Other payables, accruals and deferred income	1,186	1,371
Total of changes in working capital	6,306	629
Cash flow from business operations	18,562	16,185
Dividends and interest received	751	261
Interest paid	-176	-353
Income taxes paid	-4,044	-2,858
Cash flow from operating activities	15,093	13,235

The cash flow statement continues on page 42.

Amounts in thousands of Euros

Cash flow from investing activities	2022	2021
Investments in intangible and tangible fixed assets	-10,555	-7,340
Divestments of intangible and tangible fixed assets	586	283
Acquisition of capital interests	-5,077	-1,407
Disposal of capital interests	1,686	-
Loans issued, funds lent and securities	-6,934	-3,396
Repayments received on loans, funds lent	712	-
Cash flow from investing activities	-19,582	-11,860
Cash flow from financing activities	2022	2021
Dividends paid	-1,880	-2,014
Changes in equity and third-party interest	216	116
Withdrawal or repayment (-/-) of bank credit	-	-476
Repayments on other loans	15	-34
Cash flow from financing activities	-1,649	-2,408
Change in cash	-6,138	-1,033
Cash movements	2022	2021
Balance at the end of the reporting period	17,885	24,023
Less:		
Acquisition of capital interests	-	-
Balance at the beginning of the reporting period	24,023	25,056
Change in cash	-6,138	-1,033

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
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 2022 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.

Continuity

The financial statements have been prepared on a going concern basis. Simac’s board of directors aims to guarantee the continuity of its services. In its pursuit of continuity, the board acts on the basis of the following 6 pillars:

- A financially solid basis
- Spread of activities
- Long-term contracts
- Focus on employees and culture
- Room for innovation
- The environment

The key indicators in the context of the going concern assumption at year-end 2022 are as follows:

- Group equity: € 56,391 (2021: € 55,138)
- Group result after taxes: € 3,043 (2021: € 4,395)
- Solvency based on group equity: 34.1% (2021: 39.1%)
- Liquidity: € 17,885 (2021: € 24,023)

Simac has made financing agreements with lenders. These have been incorporated in the explanatory notes to the financial statements. In 2022, a breach of agreements occurred. On 28

February 2023, Simac received a waiver from the bank. Given the limited dependence on the credit facility, the above does not lead to further risks.

Simac has the following options to meet its liquidity needs in 2023:

1. The investment associated with the construction of a new industrial building in Belgium will be transferred to Simac's parent company.
2. Simac has an outstanding loan related to the fleet of vehicles in use. The repayment of this loan can be accelerated in some cases.

The board of directors is therefore of the opinion that the continuity of Simac is guaranteed.

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 accounting principles set out below have been consistently applied to all periods presented in these consolidated financial statements. The accounting principles 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 BCI bv, Veldhoven
	Simac Beleggingen bv, Veldhoven
	Simac Cyber Security 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 QuadCore bv, Veldhoven
	Simac Triangle bv, Eindhoven
Czech Republic:	Simac Technik CR AS, Prague, 80%
United Kingdom:	Simac IDS Ltd., Manchester, 61%

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 Holding AB, Skärholmen, 11%

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

- Sale of the 4% interest in Inteno Group AB
- Acquisition of 11% interest in Inteno Holding AB
- The name of NBriX Datacenter bv has been changed to Simac Cyber Security bv
- The name of Simac Participaties bv has been changed to Simac BCI bv

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

Applied changes in DASB guidelines

With effect from the 2022 financial year, Simac applies the new guidelines of the Dutch Accounting Standards Board (DASB) regarding the processing of income. This concerns DASB guideline 221 (Work in progress) and DASB guideline 270.1 (Processing of income).

Based on DASB guideline 221, the following reporting changes have been processed:

- Work in progress is not set off in the balance sheet, but recorded as an asset (in the case of a debit balance) or as a liability (in the case of a credit balance).
- changes in work in progress are no longer recorded as changes, but as net turnover

The comparative figures for the 2021 financial year have been adjusted as follows. On the consolidated balance sheet as at 31 December 2021, € 4,733 of work in progress are recorded on the assets side and € 9,220 on the liabilities side. As a result, the balance sheet total increased by € 4,733. In the consolidated profit and loss account for 2021, net turnover has been reduced from € 290,152 to € 284,683 due to the inclusion in turnover of the changes in work in progress. The result and equity for the 2021 financial year 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 over five years according to the straight-line system, 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 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 ordinary 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.

Since there is a flow of projects with terms mostly shorter than one year with completion dates showing a pattern of regular spread, the profit of a project is recorded in the year of completion. The foregoing is subject to the condition that this accounting method, in comparison with the accounting method in which interim project results are measured, has no material influence on the result and equity.

Projects are shown on the balance sheet 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 return realized exceeds the amount of the terms invoiced. If the amount of the return realized is lower than the terms invoiced, it is referred to as a debt. The above is determined per individual project.

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

Ordinary 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

General

Simac includes revenue for each separate performance obligation. A performance obligation is a commitment in an agreement to deliver:

- a distinguishable good or service or a combination of goods or services that together can be distinguished from other commitments in the agreement; or
- a series of distinguishable services that are largely the same.

A promised good or promised service can be distinguished if the following criteria are met:

- the buyer can independently use the benefits of the goods or services, whether or not in combination with resources that the buyer has or can obtain; and
- the commitment to deliver the goods or services can be distinguished from the other commitments included in the agreement.

If two or more commitments of Simac included in an agreement to supply goods or services cannot be distinguished separately, the commitments will be combined into a combination of goods or services that can be distinguished jointly from other commitments in the agreement.

In the event of multiple performance obligations in an agreement, the total transaction price is allocated to the performance obligations in proportion to the value of the performance obligations. Simac bases this value on the independent sales price per performance obligation. If the independent selling price is not known, Simac applies estimates.

Sale and installation of goods

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

The transfer of risks and advantages varies according to the conditions of the relevant sales contract, yet usually takes place when the goods are delivered to the client in the event of selling

goods. Risks and benefits in relation to the sale of projects are usually transferred upon project acceptance by the customer.

Service and management contracts and other services

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

Work in progress instructed by third parties

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

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

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

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

Rental income

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

Operating expenses

Costs of service and management contracts

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

Subcontracted work and other external costs

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

Employee benefits

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

Lease payments

Lease payments under operational leasing

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

Lease payments under financial leasing

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

Financial income and expenses

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

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

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

Taxes on profit

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

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

Deferred tax assets and liabilities are formed on the basis of the balance sheet method, whereby an asset is formed or a provision is made for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the carrying amount of those items for tax purposes. Deferred taxes are not included for goodwill that is not tax-deductible. Deferred taxes are valued using the tax rates that are expected to apply upon reversal of the temporary differences, based on the laws that have (largely) been decided on as at the reporting date. Deferred tax assets and liabilities are stated at nominal value.

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

Segmentation

The segmentation used in the financial statements is based on the classification adhered to for internal reporting purposes. Simac's operations can be divided into two operational segments.

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

Group sales are, insofar as possible, eliminated per business segment.

Principles of the cash flow statement

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

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

The acquisition price of acquired group companies is included in the cash flow from investing activities, insofar as payment was made in cash. 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 4 July 2022, Simac sold the 4% equity interest in Inteno Group AB. The shareholder's loan with a principal amount of € 552,000 including accrued interest has also been repaid. On 20 September 2022, Simac acquired a 5.4% interest in Inteno Holding AB for the total value. The transaction profit realized on the sale is recorded as a share in the result of non-consolidated participating interests.

On 20 September 2022, Simac acquired an additional interest of 5.2% in Inteno Holding AB against cash payment. After completion of both transactions, Simac owns 10.6%. The interest is valued at acquisition price.

On 1 August 2022, Simac acquired the activities of MK Education through a transfer of assets and liabilities. For this acquisition, goodwill has been paid and capitalized as an intangible asset. Ten employees have been transferred as a result of this takeover. The acquired activities and employees involved have been integrated into Simac Learning Solutions bv.

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 2022	Total 2021
Acquisition value	15,101	1,476	16,577	14,509
Cumulative depreciation	8,411	246	8,657	5,988
Carrying amount as at 1 January	6,690	1,230	7,920	8,521
Investments	-	21	21	1,179
Acquisition of subsidiaries	-	-	-	450
Acquisition of other participating interests	-	-	-	449
Acquisition of activities	340	-	340	-
Other changes	-	-	-	-10
Changes in acquisition value	340	21	361	2,068
Depreciation	2,347	290	2,637	2,667
Impairment loss	-	-	-	-
Other changes	-	-	-	2
Changes in cumulative depreciation	2,347	290	2,637	2,669
Acquisition value	15,441	1,497	16,938	16,577
Cumulative depreciation	10,758	536	11,294	8,657
Carrying amount as at 31 December	4,683	961	5,644	7,920

The acquisition of activities relates to the activities of MK Education for € 290 and the learning hub SkillsMETER for € 50. Both activities have been added to Simac Learning Solutions bv. With regard to the acquisition of MKE, a latent additional conditional purchase price applies that can amount to a maximum of € 60.

Investments in other intangible fixed assets concern the partial implementation of a new ERP system in the Netherlands.

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

	Company buildings and grounds	Other fixed assets	Total 2022	Total 2021
Statement of movements				
Acquisition value	6,414	30,843	37,257	33,042
Cumulative depreciation	3,032	21,682	24,714	22,410
Carrying amount as at 1 January	3,382	9,161	12,543	10,632
Investments	7,734	2,455	10,189	6,169
Divestments	-74	-1,914	-1,988	-1,964
New consolidations	-	-	-	-
Other changes	-	-867	-867	10
Changes in acquisition value	7,660	-326	7,334	4,215
Depreciation	450	3,428	3,878	3,979
Divestments	-49	-1,353	-1,402	-1,679
New consolidations	-	-	-	-
Other changes	-	-871	-871	4
Changes in cumulative depreciation	401	1,204	1,605	2,304
Acquisition value	14,074	30,517	44,591	37,257
Cumulative depreciation	3,433	22,886	26,319	24,714
Carrying amount as at 31 December	10,641	7,631	18,272	12,543

Investments in company buildings and grounds during the financial year largely relate to the construction of a new head office for Simac Belgium. This is expected to be completed in mid-2023. The total investment (including furnishing) is expected to amount to € 10.2 million. At the end of 2022, the investment in the new building will amount to € 8.8 million.

Investments in other fixed assets during the financial year include € 821 (2021: € 305) relating to exchange parts, € 980 (2021: € 3,466) to automation and Simac Power Cloud and € 437 (2021: € 708) to machinery and equipment.

Divestments of other fixed assets during the financial year are accounted for by exchange parts, machinery and equipment and automation. The carrying amount of assets of which Simac is not the legal owner is € 170 (2021: € 76).

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

	2022	2021
Non-consolidated participating interests	6,088	1,426
Receivables from participating interests	2,779	1,562
Receivables from shareholders	4,995	3,633
Other receivables	6,452	4,053
	20,314	10,674

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

Explanatory notes non-consolidated participating interests:

Overview of participating interests of >20%	Locality	Capital interest	Capital interest	Equity	Result
		2022	2021		
Centrale 24 Techniek bv	Eindhoven	50%	50%	-2,524	-541
Chess Wise bv	Haarlem	45%	45%	-7,048	-1,721
Meditools bv	Uden	30%	30%	788	-131
Passengera SRO	Prague	27%	27%	-1,473	-280
Simac Professional SA	Luxemburg	50%	50%	681	185

Participating interests of >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, with the exception of Meditools, based on internal reporting of these participating interests as at 31 December 2022. The data from Meditools concern the situation as at 31 December 2021. At Passengera, a capital contribution after conversion of € 485 was made during the financial year.

In addition, Simac holds a number of participating interests of <20% in which no significant influence is exercised on the operational and financial policy. They are Breedband Regio Eindhoven bv, GX International bv, Inteno Holding 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, participating interests of <20% are included at acquisition price. Both of these stated interests have been written down to zero. The acquisition or disposal of interests concerns Inteno Holding AB and Inteno Group AB. These transactions are further explained in note 2.

Amounts in thousands of Euros

Changes in participating interests during the financial year	Total 2022	Total 2021
Balance as at 1 January	1,426	1,510
Acquisition of interests	5,077	805
Sale of interests	-1,686	-
Share in the result from participating interests	1,397	-379
Dividend received	-120	-62
Translation differences	-6	1
Recognition of goodwill	-	-449
Balance as at 31 December	6,088	1,426

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

Changes in receivables during the financial year	Participating interests	Shareholders	Other	Total 2022	Total 2021
Nominal balance as at 1 January	5,022	3,633	5,736	14,391	10,946
Provisions	2,768	1,362	2,804	6,934	3,445
Repayments	-552	-	-160	-712	-
New consolidations	-	-	-	-	-
Other changes	-	-	-	-	-
Nominal balance as at 31 December	7,238	4,995	8,380	20,613	14,391
Write-down of receivables	-4,459	-	-1,928	-6,387	-5,143
Carrying amount as at 31 December	2,779	4,995	6,452	14,226	9,248

Financing has been provided to non-consolidated participating interests. In the 2022 financial year, this largely concerns financing to Chess Wise bv. These are financings that are attributable to Simac since the acquisition of this interest. Receivables from participating interests are partly provided and accounted for at carrying amount, 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.

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.

Amounts in thousands of Euros

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

6. Deferred taxes

Deferred tax assets

Deferred tax assets on the balance sheet date are € 488 from offsettable losses attributable to Simac and € 78 from temporary valuation differences. Movements during the financial year are as follows:

	Total	Total
Deferred tax assets	2022	2021
Balance as at 1 January	74	68
Valuation of losses	488	-
Changes in temporary valuation differences	4	6
Balance as at 31 December	566	74

Statement and valuation of offsettable losses

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

	Total	Total
Statement of available losses and valuation at year-end	2022	2021
Offsettable losses of the tax unity	2,057	-
Pre-incorporation losses	2,808	1,517
Available losses	4,865	1,517
Less: non-valued losses	2,808	1,517
Valued losses	2,057	-
Valuation on the balance sheet at year-end	488	-

The offsettable losses in the Netherlands are partly 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. Losses of the tax unity are valued in full. Simac currently does not expect to offset these losses within 12 months.

Amounts in thousands of Euros

Deferred tax assets of € 78 (2021: € 74) consist of temporary differences between commercial and tax valuations and are attributable to Simac Technik CR AS.

Deferred tax liabilities

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

7. Inventories

	2022	2021
Trading stocks	9,760	5,384
Provision for unsaleable items	-1,467	-1,284
	8,293	4,100

The trading stock that is valued at a lower net realizable value amounts to € 5,629 (year-end 2021: € 3,403). 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, € 52 was charged to the results (2021: € 193 credited to the results).

8. Work in progress

	2022	2021
Capitalized costs of work in progress	29,000	20,373
Anticipated losses on work in progress	-1,945	-615
Invoiced installments on work in progress	-32,040	-24,245
Balance of work in progress	-4,985	-4,487

Project income realized during the financial year on work in progress instructed by third parties amount to € 121,236 (2021: € 115,077) and are recorded in the net turnover.

Projects for which the capitalized costs exceed the invoiced installments are recorded in the balance sheet as assets. Projects for which the capitalized costs are lower are recorded as debts in the balance sheet. This breakdown is set out below.

	2022	2021
Capitalized costs higher than invoiced installments	8,295	4,733
Capitalized costs lower than invoiced installments	-13,280	-9,220
Balance of work in progress	-4,985	-4,487

Amounts in thousands of Euros

9. Trade receivables

	2022	2021
Trade receivables	76,513	67,715
Provision for bad debts	-1,927	-1,239
	74,586	66,476

Additions to and releases from the provision for bad debts are included in other operating expenses. For the financial year, € 832 was charged to the results (2021: € 41 credited to the results).

10. Other receivables, including prepayments

	2022	2021
Costs of service contracts to be amortized	13,473	11,636
Turnover to be invoiced	1,437	1,783
Other receivables	156	131
Other items to be amortized	2,461	2,023
	17,527	15,573

The expected long-term part of the costs of service contracts to be amortized is € 3,550 (2021: € 3,408).

11. Investments

	2022	2021
Bonds Groupama SA (France)	238	238
	238	238

12. Liquid assets

Some of the balance of liquid assets at the end of the financial year concerns € 282 (2021: € 201) 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

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 in PHI DATA NV
- 39% interest in Simac IDS Ltd.
- 20% interest Simac Technik AS
- 30% interest in Wavetel SAS

14. Provisions

Specification of other provisions	2022	2021
Jubilee benefits	1,179	1,289
Financing obligations	1,000	1,000
Restructuring	2,713	1,591
Rental liability	616	-
Other	705	156
	6,212	4,036

	2022	2021
Balance as at 1 January	4,036	3,240
Made during the financial year	2,737	1,645
Used during the financial year	-560	-752
Other changes	-	-97
Balance as at 31 December	6,213	4,036

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 jubilee benefits 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. Conditions are attached to the provision of this loan.

Amounts in thousands of Euros

Reorganization concerns the expected costs of redundancies of management and employees. Rental liability relates to the expected costs of vacancy. The other provisions include a provision for the costs of guarantees issued and possible claims.

The part of the provisions expected to be settled within 12 months amounts to € 1.9 million (2021: € 0.8 million).

15. Financial lease obligations

The future financial lease obligations relate to the vehicle 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.

16. Taxes and social security contributions

	2022	2021
Turnover tax	3,293	3,339
Wage tax	1,248	1,204
Corporation tax	77	719
Social security and pension contributions	993	884
	5,611	6,146

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

Short-term receivables include an amount of € 875 that relates to the corporation tax position of the tax unity for 2022.

17. Other payables, accruals and deferred income

	2022	2021
Contract turnover still to be amortized	16,082	14,093
Holiday pay and days' holiday	9,104	8,374
Employee benefits	4,792	6,599
Other items to be amortized	9,500	9,232
	39,478	38,298

The expected long-term part of contract turnover to be amortized is

€ 3,870 (2021: € 3,446). 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

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

- Credit risk
- Liquidity risk
- Market risk

1. Credit risk

Credit risk consists of the loss that should be recorded on the balance sheet date if buyers 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 buyers. In order to limit the credit risk, Simac has taken out credit insurance for trade receivables. This controls the financing risks at its buyers.

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 € 5.0 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 complied with the net debt/EBITDA ratios, but not with the stated solvency ratio. Deutsche Bank granted Simac a waiver on 28 February 2023.

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.

19. Rights and obligations not included in the balance sheet

Operational lease obligations	Rent	Cars	2022	2021
Less than 1 year	2,830	5,582	8,412	7,791
Between 1 and 2 years	1,601	4,131	5,732	5,191
Between 2 and 3 years	1,066	2,948	4,014	3,720
Between 3 and 4 years	363	1,910	2,273	2,298
Between 4 and 5 years	347	863	1,210	607
More than 5 years	199	26	225	90
	6,406	15,460	21,866	19,697

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 € 3.5 million (2021: € 2.3 million).

Joint and several liability for corporation tax and turnover tax

Simac Techniek NV and its Dutch group companies of which at least 95% of shares are owned by Simac are for the most part included in a tax unity. For turnover tax purposes, this concerns all entities. A number of entities are independently liable for corporation 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 € 8.8 million of this was invested at the end of the financial year. After completion, which is scheduled for mid-2023, Simac will transfer the property to Simal Beheer bv while simultaneously concluding a lease. The terms have yet to be agreed on.

Amounts in thousands of Euros

Based on the outstanding orders for the vehicle fleet on the reporting date, Simac expects an additional self-financing obligation of € 2.6 million in 2023.

20. Net turnover

Per sales category	2022	2021
Sale and installation of goods (including projects)	167,017	155,663
Service and management contracts	109,815	101,546
Other services	36,261	27,474
	313,093	284,683

Per business segment	2022	2021
Information Technology Netherlands	146,654	138,374
Information Technology abroad	126,257	116,073
Smart Solutions	40,734	30,715
Holding and eliminations	-552	-479
	313,093	284,683

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 and associated exchange sets.

21. Personnel expenses

	2022	2021
Wages and salaries	74,945	71,629
Social security contributions	11,895	11,365
Pension contributions	5,121	4,894
	91,961	87,888

Amounts in thousands of Euros

Average number of employees (full-time equivalents)	2022	2021
Business segments		
Information Technology Netherlands	649	618
Information Technology abroad	318	324
Smart Solutions	181	195
Holding	36	34
	1,184	1,171
Geographically		
The Netherlands	866	850
Belgium	173	179
Czech Republic	85	87
Abroad - other	59	55
	1,184	1,171
Number of employees as at the balance sheet date (full time equivalents)	1,200	1,171

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

The average number of external temporary staff during the financial year was 226 (2021: 189).

22. Other operating expenses

	2022	2021
Other personnel expenses	10,764	9,854
Accommodation costs	5,577	4,976
Car and travel costs	8,499	7,807
Telecommunications and automation costs	4,537	4,072
Publicity costs and costs to sell	2,494	2,204
Other costs	5,797	4,204
	37,668	33,117

Other personnel expenses include the costs of hiring indirect personnel, training costs and expense allowances.

Car and travel costs mainly concern operational lease terms for cars. Both car and travel costs were negatively impacted in the financial year by rising fuel and energy prices. The same applies to accommodation costs, which are affected by increased energy prices.

Amounts in thousands of Euros

The increase in telecommunications and automation costs is partly in relation to the accounting for internal costs of an ERP implementation. These internal costs are not 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).

Other costs include changes in provisions for accounts receivable. As explained in note 9, these expenses amount to € 832 for 2022 (2021: income € 41).

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

External auditor fees	BDO NL	BDO Network	Other	2022	2021
Annual audit	300	24	51	375	311
Other financial statements activities	-	-	19	19	-
Tax consultancy fees	42	-	17	59	68
Other advisory work	-	-	21	21	15
	342	24	108	474	394

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

	2022	2021
Changes in the value of receivables	-1,273	-663
Changes in the value of investment	-	12
	-1,273	-651

Changes in the value of receivables largely concern financing to non-consolidated participating interests in both 2021 and 2022.

Amounts in thousands of Euros

24. Taxes on profit

Taxes on profit included in the profit and loss account	2022	2021
Taxes due for the financial year	-1,994	-2,536
Tax adjustments from previous years	-	-
Current taxes	-1,995	-2,536
Realization of deferred tax assets	-	-
Recognition of deferred tax assets	488	-
Deferred taxes	488	-
Total of current and deferred taxes	-1,506	-2,536

Reconciliation statement of the effective tax burden	2022	2021
Result before taxes	4,173	6,932
Nominal income taxes (25%)	-1,043	-1,733
<i>Effect on nominal tax of:</i>		
Cost corrections for tax purposes	-705	-837
Participation exemption	24	-95
Rate differences	111	26
Tax corrections	107	103
Effective income taxes	-1,506	-2,536
Effective tax burden	-36.1%	-36.6%

The nominal tax rate is based on the Dutch corporation tax rate. Taking into account the first income tax band of 15.0% (2021: 16.5%), an average rate of 25.0% is assumed.

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

Rate differences in 2022 are largely due to the positive effect of the first income tax band in the Netherlands.

Tax corrections in both the 2021 and 2022 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 2022 and 2021, 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.

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 2022 have been settled for an amount of € 4,745, of which € 2,145 in the closed financial year.

In 2023, Simac expects to conclude a sale and leaseback agreement with Simal Beheer bv regarding the newly built head office for Simac NV in Heverlee (B).

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

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

SIMAC FINANCIAL STATEMENTS OF

Company financial
statements of 2022

Amounts in thousands of Euros

Company balance sheet before profit appropriation

as at 31 December 2022 (2021)

ASSETS	Note	2022	2021
Intangible fixed assets	2	4,340	6,533
Tangible fixed assets	3	278	275
Financial fixed assets	4	67,604	57,681
Fixed assets		72,222	64,489
Receivables	5	7,701	3,878
Liquid assets		4,085	14,117
Current assets		11,786	17,995
Total assets		84,008	82,484

LIABILITIES	Note	2022	2021
Share capital		3,953	3,953
Share premium		68,660	68,660
Statutory reserves		2,705	2,613
Other reserves		-21,430	-23,820
Unappropriated result		2,127	3,732
Equity	6	56,015	55,138
Provisions	7	4,470	2,815
Short-term liabilities	8	23,523	24,531
Total liabilities		84,008	82,484

Company profit and loss account

for the financial year ending on 31 December 2022 (2021)

	Note	2022	2021
Result from participating interests after taxes	4	7,721	11,241
Result from holding company after taxes		-5,594	-7,509
Result after taxes		2,127	3,732

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	2022	2021
Acquisition value	14,321	13,422
Cumulative depreciation	7,788	5,392
Carrying amount as at 1 January	6,533	8,030
Acquisition of group companies	-	450
Acquisition of participating interests	-	449
Changes in acquisition value	-	899
Depreciation	2,193	2,396
Changes in depreciation	2,193	2,396
Acquisition value	14,321	14,321
Cumulative depreciation	9,981	7,788
Carrying amount as at 31 December	4,340	6,533

In two acquisitions, Wavetel in France and PHI DATA in Belgium, Simac initially acquired 70% of the shares. In both cases Simac can, under certain conditions, acquire the remaining 30% of the shares. Option agreements have been concluded for this purpose.

Simac has not made any provision for possible obligations arising from the future exercise of the option agreements. At the time of a possible acquisition, goodwill will be identified and amortized in accordance with the applicable accounting principles.

Goodwill will be amortized over five years.

Amounts in thousands of Euros

3. Tangible fixed assets

STATEMENT OF MOVEMENTS	Company buildings and grounds	Other fixed assets	2022	2021
	Acquisition value	1,207	746	1,953
Cumulative depreciation	983	695	1,678	1,500
Carrying amount as at 1 January	224	51	275	453
Investments	178	5	183	-
Divestments	-	-317	-317	-
Changes in acquisition value	178	-312	-134	-
Depreciation	137	19	156	178
Divestments	-	-293	-293	-
Changes in depreciation	137	-274	-137	178
Acquisition value	1,385	434	1,819	1,953
Cumulative depreciation	1,120	421	1,541	1,678
Carrying amount as at 31 December	265	13	278	275

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 and machinery and equipment. Means of transport were divested in 2022.

4. Financial fixed assets

	2022	2021
Participating interests in group companies (DG)	47,680	48,046
Other participating interests (AD)	5,870	1,202
Other receivables (OV)	14,054	8,433
	67,604	57,681

Amounts in thousands of Euros

STATEMENT OF MOVEMENTS	DG	AD	OV	Total 2022	Total 2021
Balance as at 1 January	48,046	1,202	8,433	57,681	53,110
Disposals and repayments	-	-	-552	-552	-50
Acquisitions and provisions	628	3,391	6,809	10,828	3,517
Result from participating interests	6,324	1,397	-	7,721	11,241
Liquidations	-	-	-	-	1,990
Dividends received	-7,971	-120	-	-8,091	-8,986
Translation differences	128	-	-	128	98
Recognition of deferred taxes	-	-	488	488	-
Changes in provisions	-445	-	-1,124	-1,569	-2,105
Other changes	970	-	-	970	-1,134
Balance as at 31 December	47,680	5,870	14,054	67,604	57,681

On 4 July 2022, Simac sold the 4% equity interest in Inteno Group AB. The shareholder's loan with a principal amount of € 552 including accrued interest has also been repaid. On 20 September 2022, Simac acquired a 5.4% interest in Inteno Holding AB for the total value. The transaction profit realized on the sale is recorded as a share in the result of participating interests.

On 20 September 2022, Simac acquired an additional interest of 5.2% in Inteno Holding AB against cash payment. After completion of both transactions, Simac owns 10.6%. The interest is valued at acquisition price.

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.

Other changes at group companies concern the settlement of a balance remaining from internal cash sweeps with Deutsche Bank AG. This transaction has been recorded as a paid-in share premium.

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 2022 consist of € 7,774 (2021: € 5,196) from receivables from participants and participating interests and € 5,796 (2021: € 3,237) from other interest-bearing receivables. This item also includes € 488 (2021: € -) in deferred tax assets.

Amounts in thousands of Euros

5. Receivables

	2022	2021
Trade receivables	170	462
Group companies	6,353	3,205
Taxes and social security contributions	1,028	109
Other receivables, including prepayments	150	102
	7,701	3,878

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 2022	Total 2021
Balance as at 1 January	3,953	68,660	155	-21,362	3,732	55,138	52,958
Adjustment of statutory reserve for participating interests	-	-	2,458	-2,458	-	-	-
Adjusted balance	3,953	68,660	2,613	-23,820	3,732	55,138	52,958
Result after taxes	-	-	-	-	2,127	2,127	3,732
Dividends paid	-	-	-	-	-1,357	-1,357	-1,647
Minority interest	-	-	-	-36	-	-36	-
Profit appropriation previous financial year	-	-	-	2,375	-2,375	-	-
Reserve for participating interests	-	-	-51	51	-	-	-
Translation differences	-	-	143	-	-	143	95
Balance as at 31 December	3,953	68,660	2,705	-21,430	2,127	56,015	55,138

Amounts in thousands of Euros

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.

	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.

Other reserves

The change of € -36 in other reserves relates to the identification of a minority interest in Simac IDS Ltd. This concerns an interest of 39% in said company that accrues to third parties.

Unappropriated result

The result after taxes for 2022 is included in the item unappropriated result of equity. The profit appropriation for the 2021 financial year is included in accordance with the decision made in the general meeting of shareholders of 24 June 2022.

Amounts in thousands of Euros

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 2022 financial year:

- 6% dividend on preference shares A € 30,000
- 6% dividend on preference shares B € 600,000
- € 0,03 per ordinary share € 534,942

The calculation of the dividend proposal on ordinary shares is based on the number of outstanding shares as at 31 December 2022. 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

	2022	2021
Restructuring	1,200	-
Jubilee benefits	1,129	1,289
Financing obligations	1,000	1,000
Rental liability	616	-
Participating interests	525	526
	4,470	2,815

The reorganization relates to redundancy arrangements made.

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 jubilee benefits 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.

Rental liability relates to the expected costs of vacancy of a rented property.

Amounts in thousands of Euros

8. Short-term liabilities

	2022	2021
Trade creditors	704	490
Group companies	20,916	20,102
Taxes and social security contributions	72	1,188
Other payables, accruals and deferred income	1,831	2,751
	23,523	24,531

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

9. Remuneration of board directors and supervisory directors

In the financial year, an amount of € 623 (2021: € 604) was charged to the company on account of the remuneration of directors. The remuneration for supervisory directors in the financial year was € 79 (2021: € 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 some Dutch subsidiaries, form a tax entity for corporation tax purposes. This concerns the following companies:

- Simac Cyber Security bv
- Simac IDS bv
- Simac IT NL bv
- Simac Learning Solutions bv
- Simac Masic bv
- Simac BCI bv
- Simac QuadCore bv
- Simac Triangle bv

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 NV and its affiliated subsidiaries are jointly and severally liable to Deutsche Bank for the obligations under this agreement.

Veldhoven, 22 March 2023

Supervisory board:

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

Board of directors:

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

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 2022 financial statements incorporated in the annual report

Our opinion

We have audited the 2022 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 N.V. as at 31 December 2022 and the result for 2022, 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 2022;
2. The consolidated and separate profit and loss account for 2022; 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. Information supporting our opinion

We have determined our audit activities in the context of the audit of the financial statements as a whole and in forming our opinion thereon. The information below in support of our opinion should be viewed in that context and not as separate opinions or conclusions.

Audit strategy for continuity

As explained in the 'Continuity' section on page 44 of the financial statements, the board has performed its continuity assessment for the period of 12 months from the date of preparation of the financial statements (22 March 2023) and has not identified any events or circumstances that may cast significant doubt about the entity's ability to maintain its continuity (hereinafter referred to as: continuity risks).

Our work to review the board's continuity assessment includes, among other things:

- Taking note of the risk assessment and analysis efforts with regard to the board's going-concern assumption;
- Considering whether the board's continuity assessment contains all relevant information of which we have knowledge as a result of our audit;
- Taking note of and assessing the 2023 budget as drawn up by the board;
- Taking note of the board's risk assessment with regard to the consequences of non-compliance with the covenant requirements for the current credit facility;
- Inquire with the board about its knowledge of continuity risks after the period of the continuity assessment performed by the board.

Our audit activities have not revealed any information that conflicts with the board's presumptions and expectations about the applied going concern assumption.

Audit strategy for fraud

We have identified and assessed the risks of material misstatement of the financial statements due to fraud. During our audit, we have obtained an understanding of the entity and its environment, the components of the internal control system, including the risk assessment process and the way in which the board responds to fraud risks and monitors the internal control system and the way in which the supervisory board exercises supervision, as well as the results thereof.

We refer to Chapter 3 'Risk of fraud' and Chapter 4 'Monitoring and reporting' of the Corporate Governance report included in the financial statements, in which the board identifies the main risks and uncertainties and in which it has also included the fraud risks it has identified. We would like to point out that risk management and control systems are present within Simac Techniek N.V. to manage operational and financial risks, including the risk of fraud, although not all components are always assessed and followed up in writing.

Important components of the risk management and control systems of Simac Techniek N.V. are the monitoring and reporting systems referred to in the Corporate Governance report.

We have reviewed the design and existence of the relevant aspects of the internal control system and, in particular, the fraud risk analysis, including the code of conduct and the whistleblowers' scheme.

As part of our process for identifying risks of material misstatement of the financial statements due to fraud, we considered fraud risk factors related to fraudulent financial reporting, misappropriation of assets, bribery and corruption. We evaluated whether these factors indicated the presence of the risk of material misstatement due to fraud.

We build an element of unpredictability into our audit. We also reviewed the outcome of other audit activities and considered whether there are any findings indicating fraud or non-compliance with laws and regulations.

We have taken note of the available information and requested information from members of the board and the in-house lawyer.

The fraud risks identified by us and the specific efforts are as follows:

The risk of the board violating internal control measures

Risk of fraud	Audit activities and observations
<p>The board is in a position to commit fraud, because it is able to manipulate accounting records and prepare fraudulent financial statements by violating internal control measures that otherwise appear to be operating effectively.</p> <p>That is why in all our audits we pay attention to the risk of the board violating internal control measures with regard to:</p> <ul style="list-style-type: none"> • Journal entries and other adjustments made during the preparation of the financial statements; • Estimates and estimation processes; • Significant transactions outside the framework of ordinary business operations. <p>We pay particular attention to trends as a result of possible interests of the board.</p>	<p>In the planning and execution of our audit activities, efforts included:</p> <ul style="list-style-type: none"> • Evaluation of the design and existence of internal control measures in the processes for generating and processing journal entries, including those relating to consolidation eliminations and consolidation adjustments, and making estimates assuming a risk of violation of that process; • Review of estimated items, particularly with respect to estimates that may be subject to bias on the part of the board; • Paying specific attention to the provisions and reserves formed in the consolidation process, as well as to the project and accounts receivable provisions at operating company level; • Back-testing of the aforesaid provisions and reserves, as part of which the outcomes of estimation processes from previous periods are evaluated based on the actual realization of these estimated items in the current financial year; • Selecting journal entries on the basis of risk criteria and subjecting these to specific audit activities, as part of which we also paid attention to elimination entries in the consolidation and other consolidation adjustments, significant transactions outside the framework of ordinary business operations and non-regular significant transactions in the financial administration. <p>Our work did not lead to specific indications of fraud or suspicions of fraud with regard to the board violating internal control.</p>

The risk of fraudulent financial reporting due to under-reporting turnover

Risk of fraud	Audit activities and observations
<p>As indicated in the previous risk, the board is in a position to commit fraud, because it is able to manipulate accounting records and prepare fraudulent financial statements by violating internal control measures that otherwise appear to be operating effectively.</p> <p>The board can also create manual journal entry entries that specifically result in turnover not being fully recorded.</p>	<p>In the planning and execution of our audit activities, efforts included:</p> <ul style="list-style-type: none"> • Evaluation of the design and existence of internal control measures with regard to the sales process; • Evaluation of the design and existence of internal control measures in the processes for generating and processing journal entries, including consideration of revenue recognition entries, and making estimates assuming a risk of violation of that process; • Selecting turnover-related journal entries based on risk criteria and subjecting these to specific audit activities. <p>Our work did not lead to specific indications of fraud or suspicions of fraud with regard to revenue recognition.</p>

C. Auditor's report for 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 misstatements;
- Contains all 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 misstatements.

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

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

D. 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 control as deemed necessary by the board of directors, in order to enable the preparation of the financial statements without any material misstatements 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 of the financial statements containing material misstatements 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 internal control;
- 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;

- To evaluate the suitability of the applied audit principles 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 content 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 risk profile of the group units or 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 internal control.

Eindhoven, 22 March 2023

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

drs. L.T.A. Parren CPA

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.