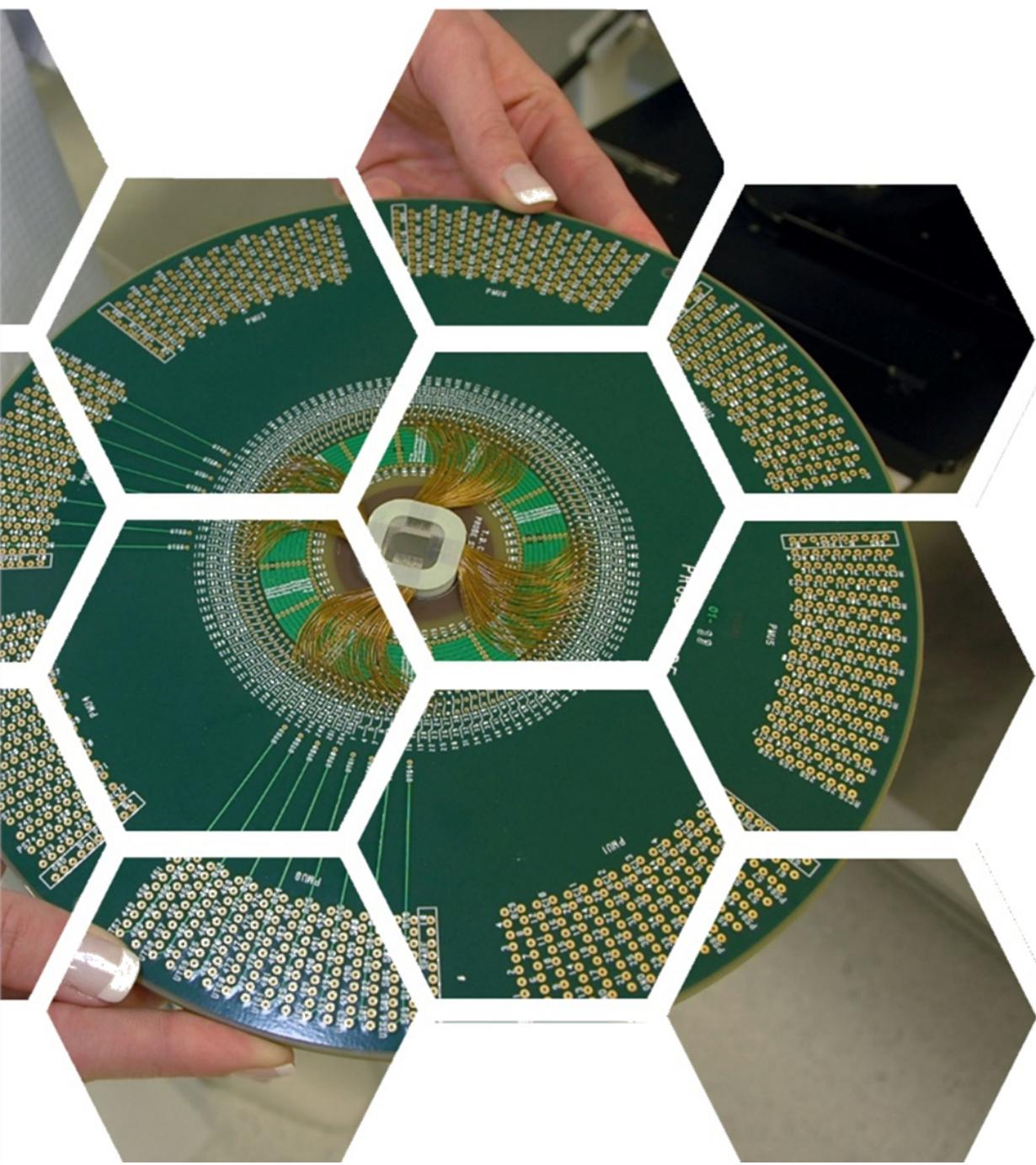




# RoodMicrotec

**ANNUAL REPORT**



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## ROODMICROTEC OVERVIEW

### MESSAGE FROM THE CEO

Once again, we managed to exceed the outlook and deliver both a higher total income as well as a higher profit. In the first and second quarter of 2022, we generated a total income that was similar to the fourth quarter of 2021, which was a very good start of a year as due to the cyclic nature of business in general and especially for our semiconductor business, the first quarter usually has a lower outcome than the fourth. In the third and fourth quarter of 2022, we saw a steady increase in total income making the full year the best in over 20 years. The profit before tax for the year as well as the overall liquidity put us in a good position for future investments. This will enable us to focus on growing the business with new customer engagements.



Throughout the year, the Test Operations department continued to deliver outstanding results. The revenue increased from EUR 7.9 million in 2021 to EUR 10.0 million in 2022, which is a growth of 26%. Our long term customers are increasing their demand and we are able to support them with additional capacity. New customer projects, such as EnSilica with a mixed signal automotive ASIC that provides key differentiating features in the chassis control of the vehicle, have been ramped to production. In 2022, we have added both manpower as well as new machines to support the growing business. We have increased both capacity as well as capability with a new test system (Advantest V93k), a new pick-and-place handler (Multitest MT9510) and a Tape & Reel machine.

The Supply Chain Management unit is growing thanks to long-term projects. The revenue increased from EUR 3.4 million in 2021 to EUR 3.5 million in 2022, a growth of 5% year-over-year. This is also driving revenue in the other units, especially in the test operations unit. Because of the geopolitical situation, we still see a tendency that customers delay the start of new projects. However, this has improved as components are now available again more quickly.

The long-term relationship with Rhode & Schwarz has been extended with new projects under development. This is driving the technology roadmap of the Company and will enable us to offer more advanced solutions to the market. A very interesting new project has been started with Novelda on the qualification, test and supply of a new generation of UWB devices.

In the Qualification & Failure Analysis department we have seen a big increase in request for counterfeit analysis. Due to the shortage of components it is becoming more important to analyze the used components before going into mass production. RoodMicrotec is the first and only company in Germany to offer the counterfeit electronic parts standard SAE AS6081 as an accredited method according to DIN EN ISO/IEC 17025:2018. This standard establishes requirements and practices to mitigate the risk of buying, receiving and selling fraudulent/counterfeit parts therefore giving the customers confidence in their own supply chain.

During 2022, we reached an agreement with Robus regarding the perpetual bonds issued in 2012 and early 2023 we reached an agreement regarding the perpetual bond issued in 2010. Both of these settlements are confirmed by the respective courts and we are pleased to have solved this so we can move forward with our core businesses.

After 13 years of service to the Company, our chairman Vic Tee retired. It has been a great pleasure for all of us and especially for me to get the opportunity to work with him in both hard and good times. With his vast experience in the business he has been a great support to the whole Company and I wish him all the best for his retirement.

As a final remark, I would again like to express my thanks to the three main stakeholders in RoodMicrotec; the Customers, the Employees and the Owners for their support in making this Company what it is and what it will be. We are well positioned for the future and are looking forward to the coming years with pride in what we achieved during the last couple of years.

Deventer, April 19, 2023

Martin Sallenhag, CEO

## PROFILE ROODMICROTEC

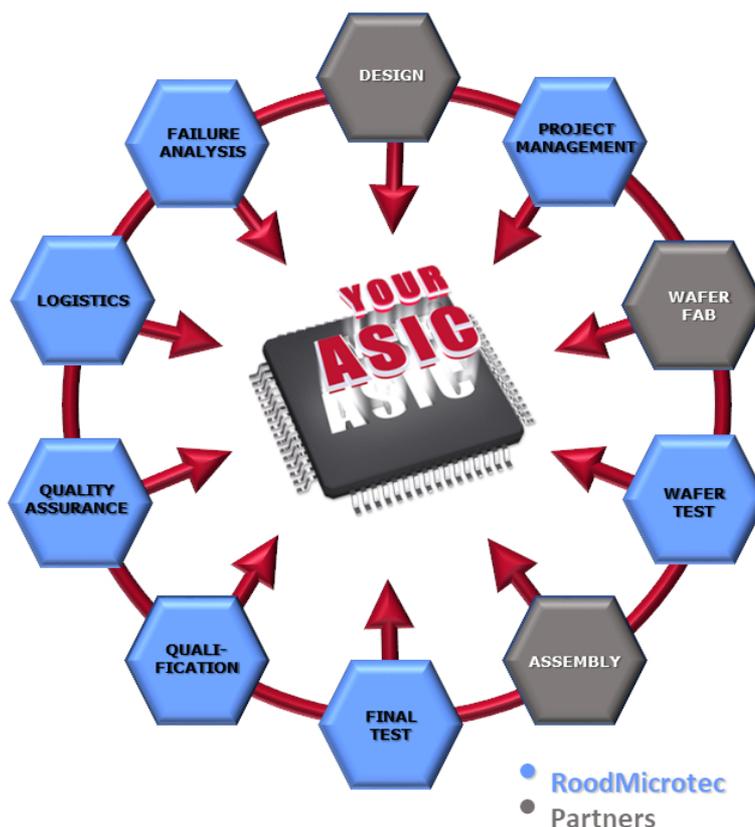
RoodMicrotec is the leading independent company for semiconductor supply and quality services. With more than 50 years’ experience in the semiconductor and electronics industry, RoodMicrotec is well-established as a highly valued partner to many companies worldwide. We provide full-turnkey ASIC services for complex microchips that are fully customized to handle specific applications for individual customers. In co-operation with selected partners, we manage the complete development and production flow of the ASICs in the target volume, ranging from low quantities up to multiple millions per year. Our turnkey solution includes design, project management, wafer fab, wafer test, assembly, final test, qualification, logistics and failure analysis. Our flexible business model allows customers, based on their special needs, to choose each service individually. All our services comply with the industrial and quality requirements of the high reliability, aerospace, automotive, medical and industrial sectors.

### Services provided by RoodMicrotec

RoodMicrotec offers supply chain services, wafer & component testing, qualification & reliability investigations and failure analysis for companies that need application-specific integrated circuits (ASICs). All services are offered in a one-stop-shop package, whereby RoodMicrotec organizes and orchestrates all steps covering the full value chain of these chips or components; from the design of a semiconductor all the way to the delivery of the end-product (serial parts).

An ASIC is an integrated circuit that is built for a specific application or purpose that can be found in almost any electronic device. Compared to an off-the-shelf standard chip, an ASIC can improve speed because it is specifically designed to do one thing only and to do this well. It can also be made smaller with the benefit of using less electrical power. The disadvantage of this circuit is that it can be more expensive to design and manufacture, particularly if only a few units are needed. Business intellectual property (IP) is an important asset and this is why a number of clients prefer to deal with partners that are based in Europe where IP is better protected, even though most of the semiconductor business is concentrated in Asia.

ASICs are mostly designed based on an idea of a customer; mostly an OEM or a Fabless Company. Once the design has been finalized, the product leaves the drawing board and can be turned into a physical product. The steps required, can best be illustrated by means of the following picture, which also provides a better insight into RoodMicrotec’s activities.



The first step in turning the idea into a physical product is the production of wafers, which is normally done by specialized companies based in the Far East. The wafers are then sent back to Europe and will be submitted to a series of tests. The development of the test program, which is product specific as well, is done by RoodMicrotec using in-house engineers. The test is performed in Nördlingen, where RoodMicrotec has the capability to test wafer sizes from 6 to 12 inches.

Once the wafer tests have shown satisfactory results, the next step consists of the chip assembly. This is also mostly outsourced to manufacturers in Asia. When a batch is ready, it is submitted to additional tests. In the case of RoodMicrotec this also happens in Nördlingen.

Once all these tests have been completed and produce the required outcome, the next step is qualification. This is the measurement of the performance of components under extreme conditions, like e.g. temperature tests, from cold to heat testing, in dry and damp atmospheres and adjustable temperature change rates. As part of this program, the ASIC is among others exposed to rapidly changing temperatures, varying from minus 40°C to plus 125°C for a time frame that can last 1,000 hours or even longer. Within RoodMicrotec, this happens both in Nördlingen and in Stuttgart.

The tests performed on ASICs in a production environment separate the good from the bad components. After that, the well-functioning ASICs are packed, stored and sent to the clients at the right time (logistics and just-in-time-delivery). RoodMicrotec also keeps track of the failure rates and for which tests the ASICs failed.

Even when the ASIC passed the final tests, the chip or the finished product in which the ASIC is built into can fail. In some cases (e.g. a high fail rate or products in the HiRel segment (e.g. safety-related)) this can trigger the manufacturer of the product to investigate its cause and how it can be solved. This calls for failure analysis, which within RoodMicrotec is operated at its Stuttgart unit.

A Supply Chain Management (SCM) contract is concluded for a specific period and for a certain estimated volume. During the life of the contract RoodMicrotec manages all the steps in the value chain from the development phase (design and prototyping) to the industrialization phase (prototype testing and qualification), all the way to production and logistics. In the first two phases, the amounts RoodMicrotec can invoice are relatively modest. Once the volume production starts, the sales are expected to rise over time and generate significant recurring sales after reaching the volume production phase. The main advantage of this approach is that the clients have one single company they are dealing with instead of a wide range of specialized companies. Apart from that, it helps to unburden the client.

In addition to these SCM contracts, the Company will continue to secure contracts for all individual services it offers, because this can open the doors to new clients and/or to SCM contracts as well. Experience shows that client wins often happen through failure analyses as a first entry point. Besides, the industry as a whole needs a flexible layer to absorb shocks in the demand for testing and qualification. This can also help to bring new clients and/or partnerships.

The quality of services and handling speed have always been very important within this sector. For that reason, RoodMicrotec will continue to strengthen its internal quality system through maintaining the certification according ISO 9001, VDA 6.2 and ISO/IEC 17025, in addition with focus on risk assessment, which is especially important for automotive customers. Part of this, also consists of further investments in new hi-tech equipment.

## Markets served by RoodMicrotec

RoodMicrotec is focusing on the market segments automotive, industrial and medical which are still the key drivers for the global semiconductor market and therefore they have the highest growth rates. Working in the HiRel / aerospace segment is challenging, we still consider this area of importance to our business and foresee a future increase. The components with most high quality and reliability demands are being deployed.

### Automotive



Electronic components for vehicle applications are still one of the drivers for the global semiconductor industry. Devices in the automotive industry are a combination of high complexity, high quality demands and high volumes. Applications range from car infotainment and communication with the outside world up to autonomous vehicles.

New opportunities are seen by a specific trend that the industrial sector and the HiRel industry will upgrade / adapt their requirements to automotive standards.

### Industrial (Industry 4.0, IoT)



In the industry sector the main focus is on Industry 4.0 / Internet of Things. The rapid change and complete novel production possibilities make projects highly sophisticated.

Industry 4.0 / Internet of Things means extensive networking, using innovative IT systems which enable entirely new production methods, smart grids and smart metering. For example, starting an oven remotely, opening and shutting down windows when the temperature changes, etc.

### Medical (IoMT)



In the fields of medical electronic / biological chips the devices are subjected to special requirements and complexity. No matter if they are used afterwards within or outside the body, or whether they have physical connections between internal and external devices – they have to be reliable and long-lasting.

Medical projects are defined by long lead times due to complex test environments, which contain a number of biological elements such as temperature, humidity, acidity and heart rate.

### HiRel / Aerospace

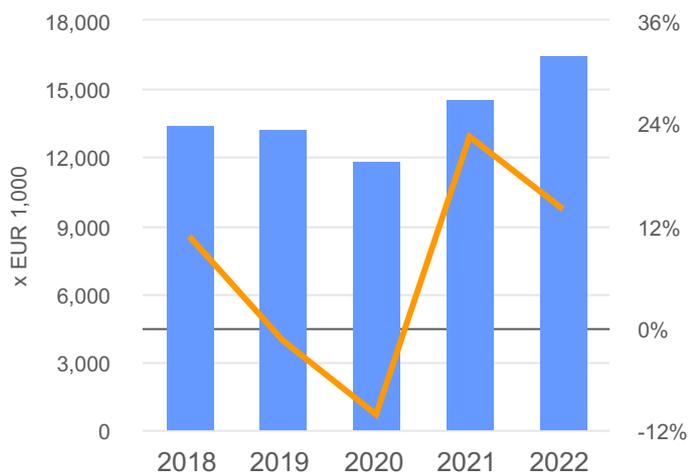


For the HiRel / aerospace sector we serve space exploration, solar sensors for satellites, radio applications in aviation, etc. The most possible quality and reliable components are needed – quite similar to the automotive sector. Also, more and more so-called components-off-the-shelf (COTS) are used. These are commercial and therefore less expensive products.

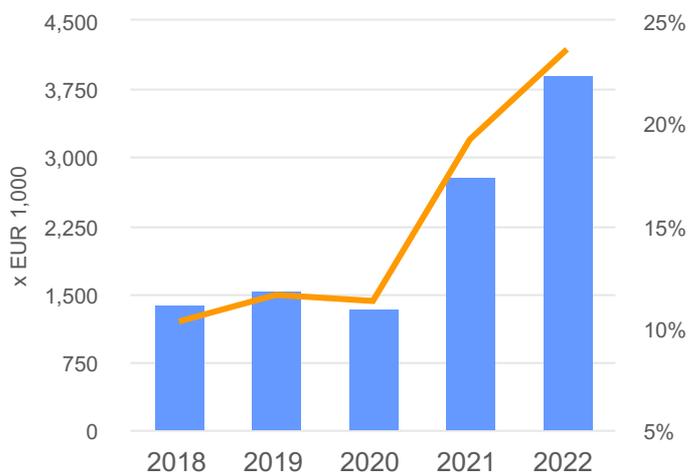
Long lead times and low volumes, but very high commercial value characterize these projects.

## ROODMICROTEC PERFORMANCE INDICATORS

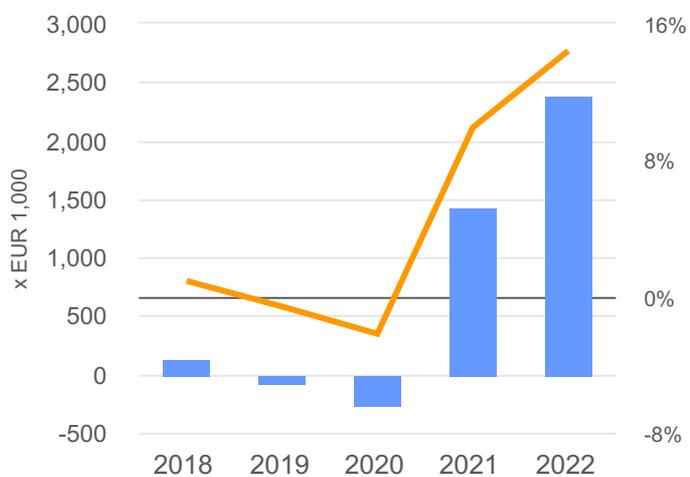
**Total income & growth**



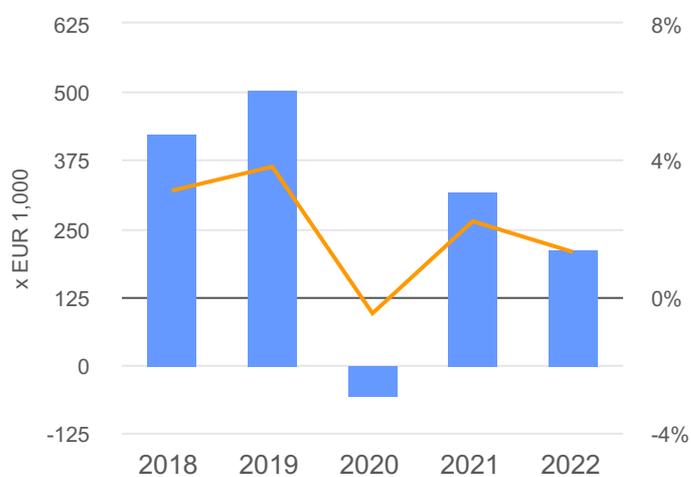
**EBITDA\* & % of total income**



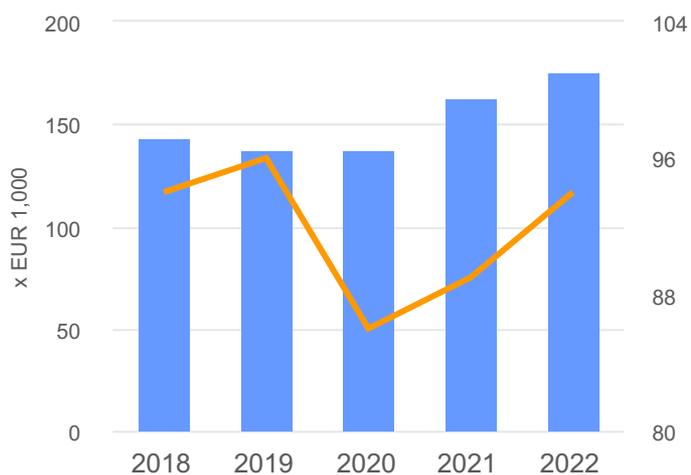
**Net profit & % of total income**



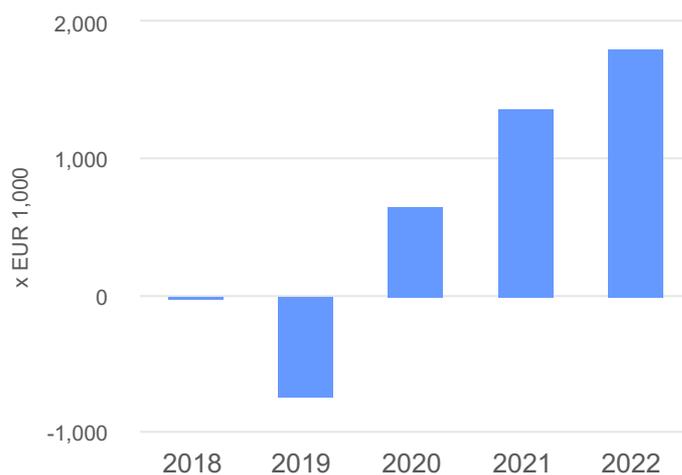
**Net working capital\* & % of total income**



**Total income per FTE & FTE**



**Free cash flow**



\* including application of IFRS 16 as of 2019

## KEY FIGURES + FIVE-YEAR SUMMARY

(x EUR 1,000 unless stated otherwise)

	2022	2021	2020	2019 <sup>1</sup>	2018
<b>Results &amp; Cash</b>					
Total income	16,548	14,532	11,874	13,217	13,425
EBITDA	3,898	2,786	1,345	1,539	1,383
EBITDA as % of total income	23.6%	19.2%	11.3%	11.6%	10.3%
EBIT (operating result)	2,451	1,227	-199	123	365
EBIT as % of total income	14.8%	8.4%	-1.7%	0.9%	2.7%
Profit (loss) before tax	2,271	1,038	-369	-87	124
PBT as % of total income	13.7%	7.1%	-3.1%	-0.7%	0.9%
Net result	2,380	1,435	-265	-73	125
Net cash position (at year-end)	3,682	2,558	1,351	1,002	1,738
Net cash flow from operating activities	3,553	2,049	1,517	1,156	563
<b>Capital, Debt &amp; Liquidity Ratios (at year-end)</b>					
Total assets	17,197	15,014	14,337	14,294	13,606
Equity	7,850	5,583	3,844	3,945	5,209
Net debt <sup>2</sup>	-805	374	1,870	2,431	915
Invested capital (net debt + equity)	7,045	5,957	5,714	6,376	6,124
Gearing ratio (net debt / invested capital)	-11%	6%	33%	38%	15%
Solvency (equity / total assets)	46%	37%	27%	28%	38%
Debt ratio (net debt / EBITDA)	-0.2	0.1	1.4	1.6	0.7
Net working capital (working capital - net cash position)	211	317	-55	503	422
Net working capital ratio (net working capital / total income)	1.3%	2.2%	-0.5%	3.8%	3.1%
ROCE (EBIT / average invested capital)	37.7%	21.0%	-3.3%	2.0%	5.5%
<b>Assets (at year-end)</b>					
Tangible and intangible fixed assets	8,765	8,295	9,177	9,404	7,682
Investments in (in)tangible fixed assets	1,743	681	866	1,895	576
Depreciation of (in)tangible fixed assets	1,447	1,559	1,544	1,416	1,018
<b>Data per share (x EUR 1)</b>					
Equity	0.105	0.074	0.051	0.053	0.072
Operating result	0.033	0.016	-0.003	0.002	0.005
Net cash flow from operating activities	0.047	0.027	0.020	0.015	0.008
Net result	0.032	0.019	-0.004	-0.001	0.002
Share price: year-end	0.205	0.201	0.183	0.247	0.250
Share price: highest in the year	0.215	0.267	0.267	0.284	0.390
Share price: lowest in the year	0.171	0.176	0.107	0.202	0.234
<b>Other information</b>					
Number of issued shares at year-end (in millions)	75.1	75.1	74.9	74.9	72.8
Average number of employees (FTE)	94	89	86	96	94
Total income / average FTE	176	163	138	138	143
Market capitalization (in EUR millions)	15.4	15.1	13.7	18.5	18.2

<sup>1</sup> adoption of IFRS 16 Leases from 2019.

<sup>2</sup> net debt includes lease liabilities, see page 76 'capital risk management' for detailed calculation.

## SHARES / SHAREHOLDER INFORMATION

### Listing

RoodMicrotec N.V. is a public limited liability company with its registered office in Deventer, the Netherlands and has a listing on the Euronext Amsterdam Stock Exchange since 1986 for shares, registered under ISIN code: NL0000440477 (ticker symbol: ROOD.AS).

### Major Holdings in Listed Companies Disclosure Act

As at December 31, 2022 RoodMicrotec has received the following reports, with positions equal to or greater than 3%, in the context of the disclosure requirements of the Major Holding and Capital Interests in Securities-Issuing Institutions pursuant to the Dutch Financial Supervision Act (Wft):

Name	% of shares	Capital interest	Notified on
Blikkenburg B.V.	12.35%	Actual / potential <sup>3</sup>	February 1, 2018
J.H. Langendoen	10.12%	Actual	April 28, 2022
P.C. van Leeuwen	5.53%	Actual	April 12, 2018
Sitimo Ltd.	5.26%	Actual	August 2, 2018
M.H.B. Kok	3.87%	Potential <sup>4</sup>	March 31, 2022

### Changes in the number of shares

As at December 31, 2022, 75,076,267 ordinary shares are issued (2021: 75,076,267). The Company holds 4,100 ordinary shares (2021: 4,100) as treasury shares.

### Regulation to prevent insider trading

We comply with the disclosure and notification requirements in the rules on preventing market abuse and on operating in markets in financial instruments in accordance with article 5.4 of the Dutch Financial Supervision Act (Wft) and the Decree on Market Abuse ('Besluit marktmisbruik Wft'). A broad circle of employees and consultants have signed a declaration binding them to abide by these insider rules. The members of the Board of Management and the Supervisory Board also comply with the disclosure requirements of Major Holdings and Capital Interests in Securities-Issuing Institutions pursuant to the Wft. The Netherlands Authority for the Financial Markets (AFM) monitors compliance with these statutory provisions.

### Dividend

The management prefers to use the Company's own resources to grow, to further improve its financial health and strives to raise the market value of the share through such growth. In the next few years, we will seek a balance between the intended debt reduction, essential investment and a fair return for shareholders. The Board of Management proposes not to distribute any dividend for the 2022 financial year.

### Anti-takeover measures

The Supervisory Board will be involved closely and in a timely fashion in the process concerning any offer for shares in the Company, and the Board of Management and the Supervisory Board will immediately discuss any request from a competing third-party bidder to examine Company information.

The Company does not have protective or control arrangements in place.

### Investor relations

We are well aware of the importance of active, transparent and open communication with our stakeholders. For this reason we pursue an active investor relations policy through meetings and conference calls with the financial press, analysts and investors. For the coming years, we focus on intensifying the communication with our shareholders. In this context, we are organizing meetings for our shareholders when expedient.

<sup>3</sup> Notified interest consists of shares regards 10.13% and warrants regards 2.22%

<sup>4</sup> Notified interest consists of warrants

As in the past years, if circumstances allow, we will again raise our industry-expert profile by organizing seminars highlighting our core activities and the corresponding services to Fabless Companies and OEMs. The objective is to communicate our specific knowledge and share it with our customers and partners. We will further intensify our focus on publicity for all areas.

Communication with the various target groups is also done through the Company's corporate website, [www.roodmicrotec.com](http://www.roodmicrotec.com), and our newsletter.

### **General meeting of shareholders 2022**

The minutes of the Annual General Meeting of Shareholders, held virtually by webcast on June 9, 2022, may be inspected on the Company's corporate website.

### **Financial calendar 2023**

April 20, 2023	Conference call for media, analysts and shareholders
April 25, 2023	Publication of agenda and invitation for the Annual General Meeting of Shareholders
June 6, 2023	Annual General Meeting of Shareholders
July 20, 2023	Publication interim report 2023
July 20, 2023	Conference call for media, analysts and shareholders
October 19, 2023	Trading update quarter 3-2023

## REPORT OF THE BOARD OF MANAGEMENT

### MEMBERS OF THE BOARD OF MANAGEMENT



**Martin Sallenhag (m) & Arvid Ladega (m)**

#### **Martin Sallenhag, CEO & Director**

- Joined RoodMicrotec in March 2015 as CTO
- CEO and Managing Director from 2016 to 2020
- Re-appointment to CEO and Managing Director in July 2020 for a four-year term
- Responsible for the overall management of the Company
- Experience in the semiconductor business in various management positions within Samsung Electronics, Dialog Semiconductor and Ericsson for more than 25 years
- Holding a Master of Science degree in Electrical Engineering from Lund University with focus on Mixed Signal ASIC design

#### **Arvid Ladega, CFO & Director**

- Joined RoodMicrotec in November 2016 as CFO
- Appointment to CFO and Managing Director in May 2019 for a four-year term
- Responsible for the finance department with special focus on investor relationships with the main investors
- Extensive experience as CFO in the industrial sector, having served in that capacity for almost 12 years at Turn Key Pipeline Services B.V. and at Bartels Engineering, both in the Netherlands and held a senior financial position at Wasco Coatings Europe, subsidiary to its Malaysian listed holder
- Holding a bachelor's degree in economics

## MARKET & TRENDS

The market information RoodMicrotec uses is based on public sources like WSTS (World Semiconductor Trade Statistics), Future Horizons, SIA (Semiconductor Industry Association), TechInsights (former IC Insights), Semiconductor Intelligence and similar institutes, on conference presentations as well as printed articles or online articles.

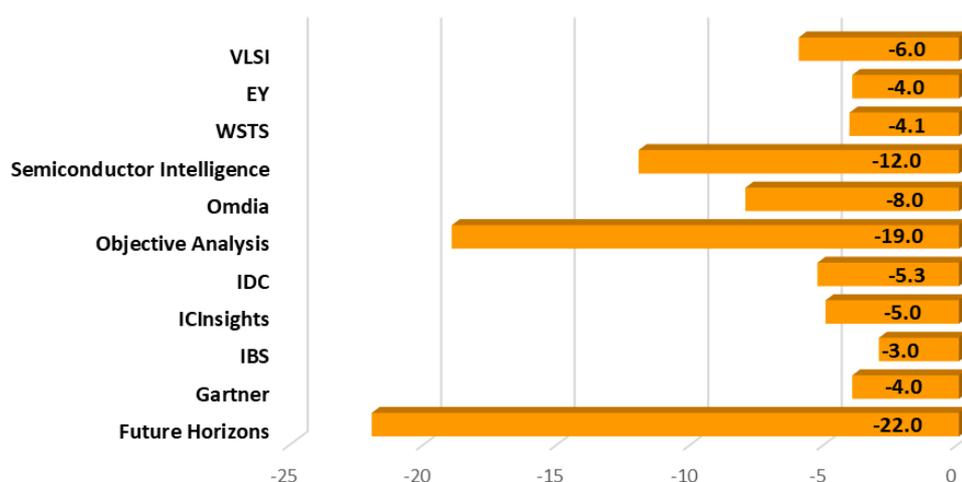
For 2022 RoodMicrotec expected a significant growth of the total income based on the Company's forecast as well as on the worldwide semiconductor market forecasts showing healthy growth rates and on the global economy forecast published by the International Monetary Fund (IMF) with a growth of 4.4% – see IMF publication January 2022<sup>5</sup>.

Despite the geopolitical uncertainties, the shortage of semiconductor components, long delivery times, the energy crisis, the inflation and the slow-down of the worldwide semiconductor sales in the 2nd half of 2022, the total growth of the semiconductor market 2022 was 3.3%, see SIA-press release February 3, 2023<sup>6</sup>. RoodMicrotec total income was EUR 16.5 million, 14% higher than in 2021 fitting well with the European sales increase of 12.8%; 92% of the Company's total income is made in European countries.

For 2023, the semiconductor market forecasts given by various analyst firms show negative growth in a range between -3% and -22%, published by Semiconductor Intelligence<sup>7</sup> and other public available articles. This is supported by the International Monetary Fund (IMF) projecting a global economic growth of 2.9% (3.4% in 2022) and the global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 – see IMF publication January 2023<sup>8</sup>.

According the SIA<sup>9</sup>, Semiconductor Intelligence (see footnote 7) it is expected that the semiconductor market will start recovering during the year 2023 and positive growth is expected back in 2024. The global semiconductor market's long term outlook is strong. The automotive industry is estimated to be responsible for 20% and the wireless communication industry for 25% of the chip demand by 2030.

### 2023 Semiconductor Market Forecasts Growth in %



In general, technical and technological innovations will drive solid growth for the global semiconductor industry over the coming years. As more and more cutting-edge devices emerge, such as electric cars and hybrids, autonomous vehicles (nearly similar to "servers on wheels"), medical applications, 5G and already 6G, smart cities, smart homes, smart phones and wearable devices, the number of semiconductor components is ever expanding in the most applications and will further increase the demand for semiconductor products.

<sup>5</sup> <https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

<sup>6</sup> <https://www.semiconductors.org/global-semiconductor-sales-increase-3-2-in-2022-despite-second-half-slowdown/>

<sup>7</sup> <https://www.semiconductorintelligence.com/bleak-year-for-semiconductors/>

<sup>8</sup> <https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023>

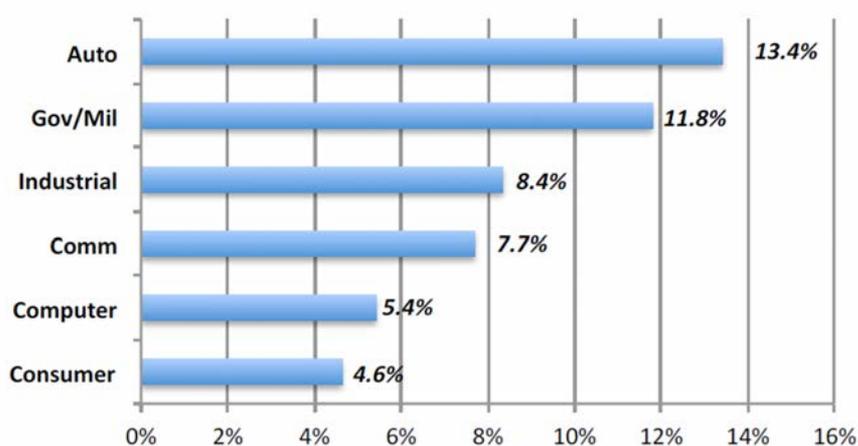
<sup>9</sup> <https://www.semiconductors.org/despite-short-term-cyclical-downturn-global-semiconductor-markets-long-term-outlook-is-strong/>

Our strategic choice for our focused markets and technologies is supported by the following key findings in publicly available information:

1. The automotive and industrial markets will both drive growth in demand for semiconductors.
2. The Internet of Things / Internet of Medical Things / Artificial Intelligence (AI) / 5G & 6G are the next growth engines for the semiconductor industry, particularly for the sensor, communications and industrial segments.
3. High power electronics (e.g. battery management, energy efficiency, safety solutions), high frequency (e.g. radar, Lidar solutions), photonics (e.g. image sensors, optical transceivers, optical chips) and GaN-technology are indispensable for energy management systems, such as in electronic vehicles, solar energy networks, etc.

RoodMicrotec's management team is positive about the future development of the Company. RoodMicrotec is focusing on and serving the emerging technology sectors as described. For all these sectors the demand of electronic devices will definitely continue to grow in the future.

### IC End-Use Application CAGRs (2021-2026F)



Source: IC Insights

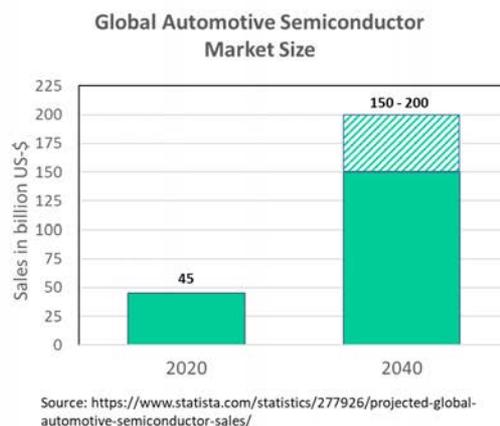
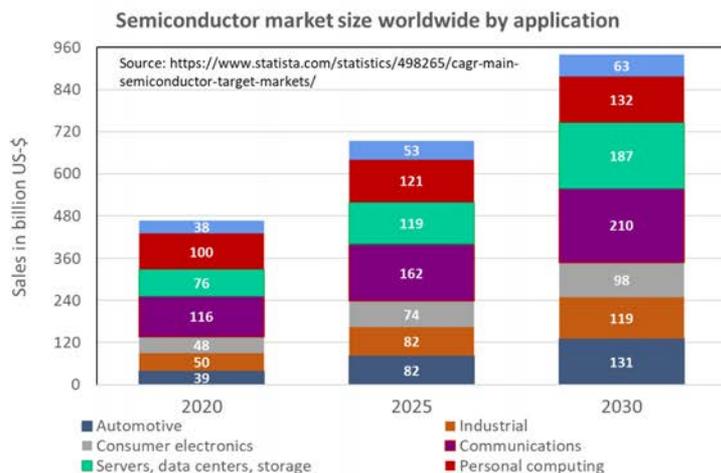
IC Insights Research Bulletin - September 27, 2022 – Automotive IC market share seen rising to 10% by 2026

### Automotive

RoodMicrotec is a recognized player in the automotive sector (49% of its total income), which is a growing market also in the future and it offers us many exciting opportunities. According SIA sales of automotive ICs grew by 29.2% year-over-year in 2022 (see footnote 4). The healthy growth of this market will lead to additional demands for electronic equipment and create a positive impact on the semiconductor industry.

The vehicle market in general is undergoing a complete structural change. Electric cars and hybrids are gaining more and more ground. Autonomous vehicles, seen by many as the future of personal and public means of transport, are slowly gaining market share. In 2019, there were some 31 million cars with at least some level of automation in operation worldwide. It is expected that this number will surpass 54 million in 2024. Correspondingly, the global autonomous car market is projected to grow as well. While in 2021, the market was valued at over 24 billion U.S. dollars, it is projected to reach the size of nearly 62 billion U.S. dollars in 2026<sup>10</sup>. Car manufacturers are publishing dates for stopping the manufacture of cars with combustion engines or dates when they want to reach CO<sub>2</sub>-emission free production. Nevertheless the semiconductor content of cars is growing, as they rely on greater intelligence, connectivity and sophisticated electronics (autonomous drive, vehicle-to-vehicle (V2V), vehicle-to-everything (V2X) and vehicle-to-infrastructure (V2I) communications). In addition, growing interest in electric vehicles focuses on on-board safety, convenience and environmental features. Advanced automotive electronics become more widely available on all cars. However, the nature of the automotive industry model is also shifting in new directions. Concepts of product ownership will give way to service propositions to deliver mobility to consumers who will pay only for what they use e.g. ride sharing or car sharing. In addition there is a growing trend that automotive suppliers with their experience in mobility are investing in the e-cargo-bike division.

<sup>10</sup><https://www.statista.com/topics/3573/autonomous-vehicle-technology/>



The Statista Research Department<sup>11</sup> published that the demand for automotive semiconductors is expected to grow at a compound annual growth rate of between six and eight percent between 2020 and 2040. By 2040, the automotive semiconductor market could reach between 150 and 200 billion US-Dollars.

While electronics made up only about 10% of a total car cost in 1980, this share reached some 35% in 2010. In 2030, electronics are projected to make up around 50% of a cost of a new car. The main drivers of this rise in electronics usage in cars are the broader trends of connectivity and automation (according Statista<sup>12</sup>).

**Industrial / Medical (Industry 4.0, IoT, IoMT)**

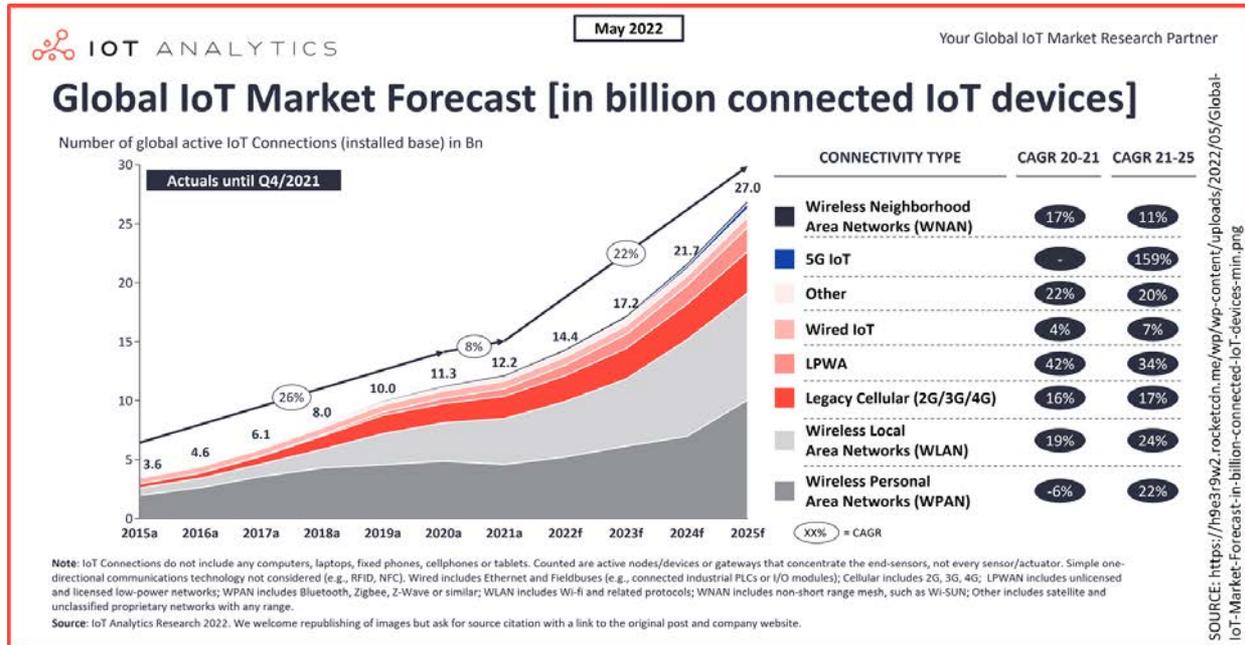
Artificial Intelligence (AI), virtual reality (VR), smart cameras, 5G & 6G wireless technologies, 3D imaging, smarter homes and IoT, among others, hold tremendous promises for further growth. The basic principle of Industry 4.0 / IoT is that by connecting machines, equipment and systems, businesses are creating intelligent networks along the entire value chain that can control each other autonomously.

Characteristic for industrial production in an Industry 4.0 environment is strong customization of products under the conditions of high flexible (mass) production. The required automation technology is improved by the introduction of methods of self-optimization, self-configuration, self-diagnosis, cognition and intelligent support of workers in their increasingly complex work. Some examples for Industry 4.0 are machines that can predict failures and trigger maintenance processes autonomously or self-organizing logistics that react to unexpected changes in production.

Industry 4.0 is migrating into most of the industrial applications. It is mainly based on different sensors detecting all kind of information as current, voltage, magnetic field, light, temperature, shock, humidity, etc. combined with an intelligent integrated circuit and a transmission function RFID, etc. There is an increasing demand on such Mixed Signal integrated circuits to reduce space, save energy or create faster performing systems.

In addition to Industry 4.0, IoT describes the complete world of different sensors within the electronics and is connected to detect and control temperature, humidity, light, electricity, etc. in all kind of different applications in the home (electricity, refrigerator, light, body, etc.), in cars (V2V-, V2I-,V2X-, internal vehicle communication), in agriculture, in medical fields and elsewhere.

<sup>11</sup> <https://www.statista.com/statistics/277926/projected-global-automotive-semiconductor-sales/> and <https://www.statista.com/statistics/498265/cagr-main-semiconductor-target-markets/>  
<sup>12</sup> <https://www.statista.com/topics/7983/automotive-electronics-worldwide/#dossierKeyfigures>



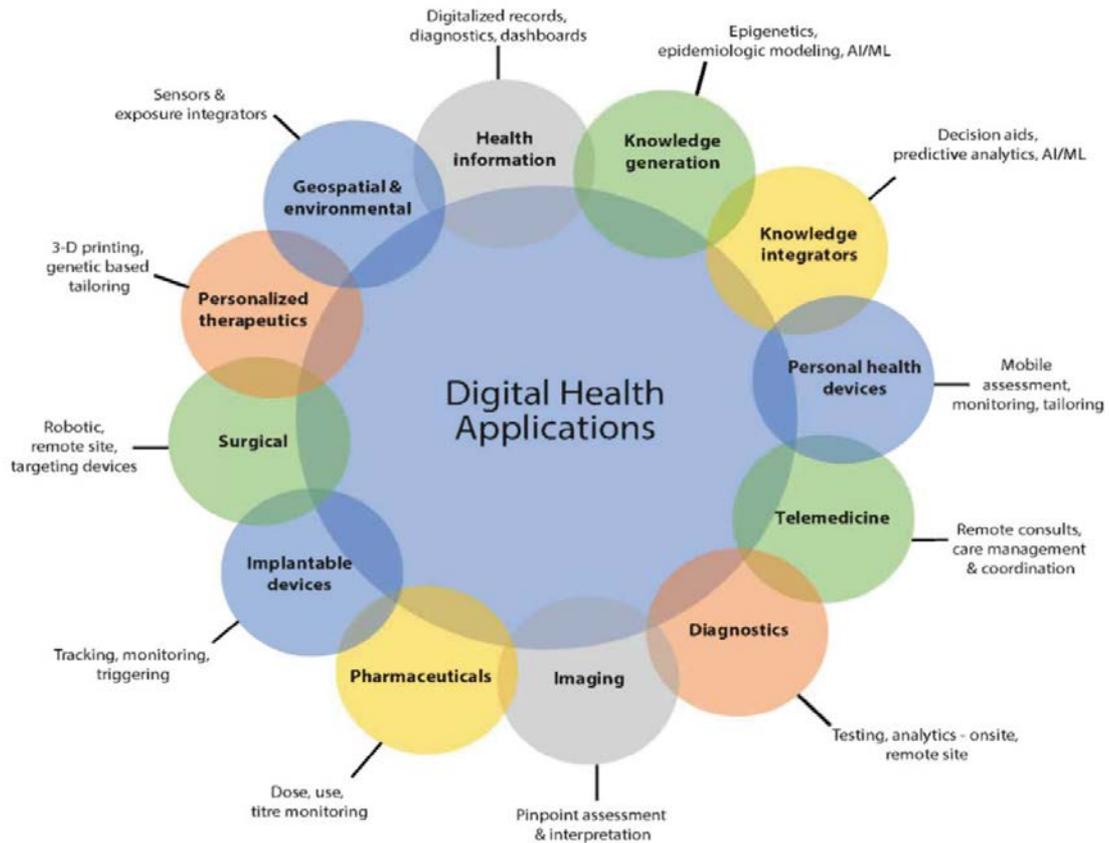
IoT is a growth engine for the semiconductor industry. In May 2022<sup>13</sup>, IoT Analytics published a market update, for 2023 they expect the global number of connected IoT devices to grow 22%, to 17.2 billion active endpoints. By 2025, there will likely be more than 27 billion IoT connected devices.

Within the industrial applications, the medical segment including the IoMT sector (Internet of Medical Things), with ongoing innovations, is growing at a tremendous pace. With the development of connected medical devices, health services are gradually shifting from a clinical setting to the home environment. From fitness trackers that monitor activity to flexible patches that can detect heart rate, body temperature and more, up to remote patient monitoring, these applications will fuel capital investment in healthcare and contribute to the growth in medical applications of semiconductors. The IoMT sector has been broadly segmented into the categories like telemedicine and video/remote consultation, connected imaging, consumer medical including above named wearables, in-patient monitoring as well as hospital operations and workflow management.

In January 2023, Beyond Markets Insight<sup>14</sup> published that the global digital health market size was worth US-Dollars 210 billion in 2022 and is estimated to grow to US-Dollars 800 billion by 2030, with a CAGR of approximately 18.2% over the forecast period.

<sup>13</sup> <https://iot-analytics.com/number-connected-iot-devices/>

<sup>14</sup> <https://beyondmarketinsights.com/report/digital-health-market/>



Evolving Applications of Digital Technology in Health and Health Care

SOURCE: National Academy of Medicine. 2019. Digital Health Action Collaborative, NAM Leadership Consortium: Collaboration for a Value & Science-Driven Health System. → <https://nam.edu/the-promise-of-digital-health-then-now-and-the-future/>

In all cases, the connected devices that transmit information across the relevant networks rely on innovations from semiconductor players - highly integrated microchip designs, for instance, and very low-power functions in certain applications. The semiconductor companies that can test, qualify and deliver these and other innovations to OEMs and others that are building IoT-products and applications will play an important role in the development of the market.

## VISION AND MISSION

### Vision

In today's technology driven world, semiconductor content is strongly increasing with an urgent focus on the electrification of carbon fuel powered devices. This includes 'quality conscious' market sectors like the automotive, aerospace and medical equipment industry, as well as markets for industrial equipment and data communication. Successful companies in these markets can be recognized by their innovative technologies, their focus on core competencies, and an intimate cooperation with selected supply chain partners. Electronics manufacturers and Fabless IC suppliers are creating a significantly growing market for outsourced services, including manufacturing and supply of qualified products.

RoodMicrotec is a specialized service provider focusing on the support of customers in the automotive, medical and industrial market sectors. We have the expertise to offer a complete range of high-quality services that enable the manufacturing and supply of reliable semiconductor devices.

### Mission

To be the innovative, independent and reliable partner of choice for semiconductor component supply, test and reliability services.

## STRATEGY

- We focus on automotive, industrial and medical markets and plan to grow further in these sectors.
- We invest in new high-technological equipment to strengthen our technical position to be able to service these markets.
- We work with Fabless Companies to show that RoodMicrotec is a competitive SCM partner and encourage them to strengthen the partnership with our company.
- We take full responsibility as a supply chain specialist for every step in the supply chain. This means that we will be involved on a long-term basis in the whole project, from the very beginning up to mass production.
- We continue to look for smaller, faster turnaround opportunities in Qualification & Failure Analysis and Test Operations.
- We aim to be an important player in the automotive market, Industry 4.0 and IoT/IoMT by becoming one of the preferred partners in various consortiums that are developing new technologies and applications and by increasing our scale through partnerships.
- We develop our industry partnerships, since it is essential to be part of networks and being active in them. For that reason, we have strong partnerships or work very closely with institutes, wafer fabs, assembly houses, design houses and universities as well as industry groups and clusters.
- We further strengthen our internal quality system through maintaining the certification according ISO 9001, VDA 6.2 and ISO/IEC 17025, with focus on risk assessment.

The above items will result in a good combination of long-term contracts with long lead times and short-term orders with shorter lead times. In future we certainly need short-term orders to generate cash flow while continuing to focus on long-term contracts, which will bring much more stable and predictable recurring sales and underpin our role as the supply chain specialist.

Furthermore, we are:

- Establishing direct contact with Tier 1 customers as an ASIC provider. This enables us to take on more of the tasks in the complete flow, generating higher sales volumes.
- Strengthening relationships with customers, suppliers and appropriate partners (foundries, assemblers, design houses, OEMs and system houses). This makes us stronger as well as a better known and important player.
- Continuing to focus on development of new technologies and special requirements from the market, such as optical sensors, high power and RF solutions for the automotive and industrial requirements.
- Strengthening our brand awareness in the market by organizing seminars on e.g. qualification, failure analysis and supply chain activities.

## SWOT ANALYSIS



## OPERATIONAL UNITS

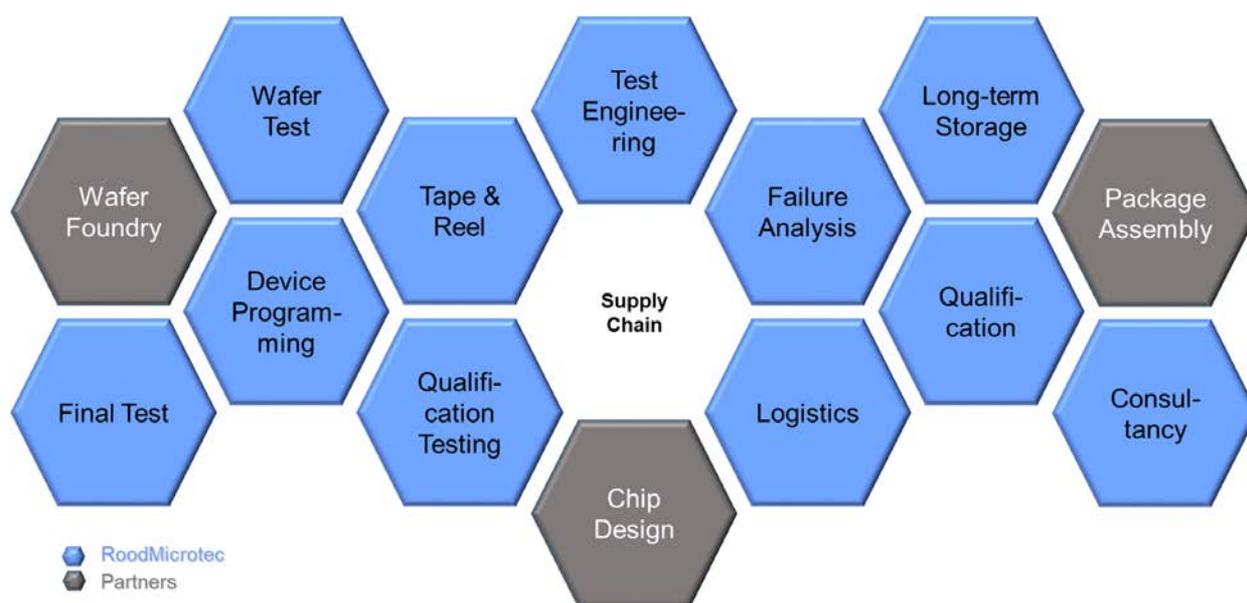
RoodMicrotec offers turnkey services to its customers through its three main units: Supply Chain Management, Test Operations and Qualification & Failure Analysis. These three units offer a complete set of services to meet the requirements for turnkey projects.

### Supply Chain Management (SCM)

In this operational unit, RoodMicrotec supports customers who wish to launch high-quality semiconductor devices, in particular ASICs, on the worldwide market. RoodMicrotec provides comprehensive services, from the beginning of the development process (with design and assembly partners) all the way to production and delivery to the customers. The services provided to bring a product successfully to the market include specification and engineering support during all phases of the project, test engineering, wafer test, assembly (through partners), final test, back-end, qualification and reliability support, failure analysis, field return management, storage and logistics.

RoodMicrotec achieves this by qualifying and testing the ASIC products and, on request, executing the entire project management specific for processes on the automotive and industrial markets.

RoodMicrotec also handles the complete (turnkey) industrialization of ASICs from the customer's idea up to the final product including all market specific (automotive and industrial) quality assurance activities. RoodMicrotec manages the process 'end-to-end' but also provides each individual step separately.



The year 2022 was again characterized by the global shortage of materials and long delivery times. This was particularly true for lead frame availability and the very high capacity utilization of factories in the global supply chain. Through the close cooperation with customers and suppliers, however, delivery failures could be minimized as far as possible.

By taking appropriate measures, RoodMicrotec succeeded in servicing most customer orders on schedule.

### Test Operations

This operational unit consists of two functional areas, test engineering and wafer & component testing. The test engineering area is a support function that provides the wafer & component testing area with solutions for high volume production.

**Test Engineering** provides complete test solutions for a wide range of devices like mixed-signal, digital, analog and RF ICs. The team of highly skilled engineers develops test programs, probe cards and load boards for characterization, production and qualification to the highest standards as required by the automotive and high-reliability sectors (AEC-Q, ESCC, MIL-STD, JEDEC, TELCORDIA, IEC, and DIN). Services include design for test, test time reduction, yield improvement and data analysis. Our experts are experienced in migrating complete test

cells, production ramp-up and product validation. With massive parallel testing with high test coverage, the test times are reduced. All these services are also available as on-site engineering support for customers.

We offer extensive knowledge concerning several test platforms, e.g. Teradyne Flex, Cohu D10, SZ3650, Advantest 93k as well as LabView based solutions. Developed and enhanced over decades, the Company has a wide expertise in mixed-signal, digital, analog, memory, RF, image sensors, MEMS and PC applications.

In 2022, we enlarged the wafer test capabilities for optical transceivers for the 5G sector. We also installed a mixed signal test system with integrated RF-Test instruments.



**Wafer & component testing** is the heart of the production function within RoodMicrotec, which means running an automated test floor 24 hour per day, 7 days per week. In this area, we perform the services of wafer testing, component testing, component programming, straightening, scanning and tape & reel of the semiconductor devices.

The test cells utilize state-of-the-art Automated Test Equipment (ATE) as well as specialized PC-based and on board solutions. We compensate limitations of the test systems by integrating high performance external equipment such as network analyzers or RF signal sources into the test cell. This approach increases flexibility while limiting test costs.

To meet the increasing demands and to guarantee production capacity, we installed a new test system and a new pick & place handling system. To be able to handle devices in tubes better, we invested in a new tape & reel system, which was installed in the second half of 2022. In 2023 we plan to increase capacity even further with an additional test system and an additional handling system.

The main goal is to provide service and support to our customers through the whole project by continuous improvement of the processes and systems related to it, offering excellent customer care and in-time delivery of the highest quality. To ensure this, a tight communication structure between the parties involved is essential, so that everything fits the customers' needs. Close relationships are the key to support our customers at the best possible rate so that they in return can meet their obligations.

### Qualification & Failure Analysis

On one hand the focus of the operational unit Qualification & Failure Analysis is on the verification of the reliability of electrical and electronic systems and single devices based on AEC-Q, JEDEC and other standards. For these purposes, methods like thermal shock (air-to-air and liquid-to-liquid), mechanical shock and vibration, humidity chambers and others are available. Since 2022 we also offer power module qualification according the AQG 324 standard with a newly installed Power-Cycling-Test system. On the other hand, the focus is on failure and technology analysis. For failure and material analysis equipment (scanning electron microscope with energy dispersive X-ray detection, X-ray microscopy with computer tomography, scanning acoustic microscopy) combined with large experience in cross-sectioning, electrical failure analysis and knowledge in anamnesis is present. This

broad spectrum of features allows the investigation from single passive and active components up to complete printed circuit board assemblies. The Qualification & Failure Analysis unit is accredited according ISO/IEC 17025.



One of our key competences is the ability to perform various types of **robustness validation tests** according to standards or adapted to the specific requirements of the customer. Due to the in-house capability of qualification and analysis methods, both quality checks and examination of failures can be done by handshake from one desk to the other. Within one work flow all investigations from burn-in to hermeticity test, from temperature cycles to solderability are possible.

Our portfolio incorporates identification of fake devices, long-term-storage with quality check in parallel, moisture sensitivity classification and much more, whether this is manual single test or automatic rapid test with high throughput as well for electrical or optical characterization. Inspection by means of digital microscope and automatic-optical inspection system, X-ray of a single component or of thousands high-reliability devices with tracking of serial numbers and each single picture are also offered.

**Failure analysis** of defective devices is carried out using physical, chemical and metallurgical analysis methods. These methods are used to confirm errors reported by the customer, to identify the error area and error mechanisms, and to initiate corrective actions for quality improvement. Due to ever-increasing integration densities, the mutual influence of the individual components is also increasing. As a result, the situation is increasingly common, in which a failed component is only the victim, but not the cause of the failure. Therefore, the trend is clearly moving away from pure component analysis towards an overall view of the system and its environment, comparable to an anamnesis, a medical term.

**Counterfeit checks** are increasingly becoming part of our analyses. The critical component availability on the world market is forcing more and more companies to procure components from brokers or other dubious sources. It is therefore often necessary to check the originality of such components. Our practice also shows that this is urgently needed. Statistically, 30% of the suspicious components we examined in 2022 were counterfeits.

Demand has increased significantly over the past year. We have taken this as an opportunity to be accredited for the SAE Standard AS 6081. This makes us currently the first and only company in Germany that can offer this examination as an accredited procedure.

## Research and development

To remain a strategic supplier to our customers as well as being on the leading edge of technology it is necessary to invest in new technologies. This is done through internal research and development projects as well as through external publicly funded projects. In order to remain a well-recognized player it is necessary to increase the brand awareness, which is done by publishing technical articles, brief comprehensive videos and by giving presentations around Europe during exhibitions and conferences and by organizing seminars.

The internal research and development projects are mainly focused on new areas of capability. The decision has been taken to focus on three main areas: high power electronics, high frequency solutions and photonics. In addition, the Company invested in innovations by means of partnerships in publicly funded projects.

### Publicly funded projects

**APPLAUSE** (Advanced packaging for photonics, optics and electronics for low cost manufacturing in Europe) fosters the European semiconductor value chain by building new tools, methods and processes for high volume manufacturing and is funded national and international. A consortium of 31 key players for packaging of electronics, optics and photonics, leading equipment suppliers and testing experts from 11 countries are working on this project. RoodMicrotec has taken over the leadership of the work package 6 "testing, reliability, failure analysis and metrology". All defined tasks during the whole project period 1-3 were successfully executed. The project has delivered exceptional results with significant immediate or potential impact. The progress over the last period (P3/2022) was convincing!

For new publicly funded projects, the European Union has set aside a high budget for the next 3 years. In its portal, also the VDE/VDI tenders new projects. Especially in the field of innovation and digital technology, RoodMicrotec will monitor the possibilities and will be engaged in getting high technological projects. The next suitable project for RoodMicrotec could start in September 2023.

## Quality Management

RoodMicrotec takes care of the provision of products at the "right" time in agreed quality according to defined safety and reliability requirements. The basis for this is our quality management, which includes forward-looking quality planning and its implementation in all relevant businesses, services and production processes.

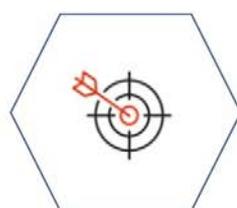
### 'Quality First' is our guiding principle



Ownership



Defect free



Just in time



Relationship

### flawless service

The Company is certified under ISO 9001 and VDA6.2 which both include risk management as part of the systems. The Company has an implementation where this is discussed in the management meetings as well as in the Supervisory Board meetings on a regular basis. The management team is also conducting management reviews on a yearly basis where this is one of the points of review. No major risks have been identified during 2022. Both the management as well as the Supervisory Board are aware of the volatility of the semiconductor industry and the need to be able to offer the right solutions to the customers. To be able to do this it is necessary to make certain invests which can be large for this company size but necessary to stay competitive. All major investments are decided in the Supervisory Board meetings based on business model calculations.

RoodMicrotec's laboratories for Qualification & Failure Analysis in Nördlingen and Stuttgart are accredited by the DAkkS, the German accreditation body, as being compliant with ISO/IEC 17025, 'General requirements for the competence of testing and calibration laboratories'. This accreditation is valid only for the scope of accreditation which is listed in the appendix of the certificate (PL-12120-01-00).

## Human Resources

Looking back, we got through the COVID-19 period very well and without any impact on staffing levels. The measures taken with facial masks, distance between the working places, home offices and general care, have enabled us to offer a safe environment for our employees.

The average number of full-time employees (FTE) in 2022 increased to 94. At end of 2022 we employed 98 full time equivalent employees. All in all, due to the excellent order situation, we were able to hire 14 new employees in 2022, spread across all areas.

Candidate members of the Supervisory Board and the Board of Management become primary nominated on the basis of experience, expertise and personality. When selecting candidate members for the Supervisory Board and the Board of Management, the Company strives for diversity in composition in terms of nationality and ethnicity, gender, age and background in education and work experience, technical expertise and competencies. On the Board of Management and the Supervisory Board in 2022 there was no diversity in terms of gender.

## FINANCIAL RESULTS

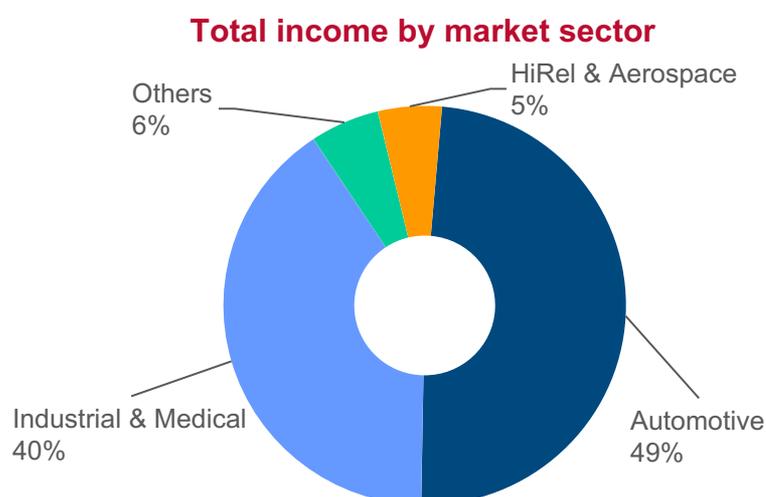
### Total income and result

In 2022, RoodMicrotec's total income came in 14% higher than in 2021 at EUR 16.5 million (2021: EUR 14.5 million), with 92% of its total sales in the European countries.

Total income from the automotive sector increased in 2022 by 18% to EUR 8.1 million (2021: EUR 6.9 million) and represents 49% of the total income. Total income in the industrial / medical sector increased in 2022 by 7% to EUR 6.7 million (2021: EUR 6.3 million) and represents 40% of the total income. The HiRel / aerospace segment declined by 8% to EUR 0.8 million (2021: EUR 0.9 million) and represents with 5% only a small percentage of the total income. The income in this sector mainly consists of failure analysis and qualification work and this is very much depending on the design cycles at our customers. Total income in other sectors increased by 105% to EUR 0.9 million (2021: EUR 0.5 million).

### Total income by market sector:

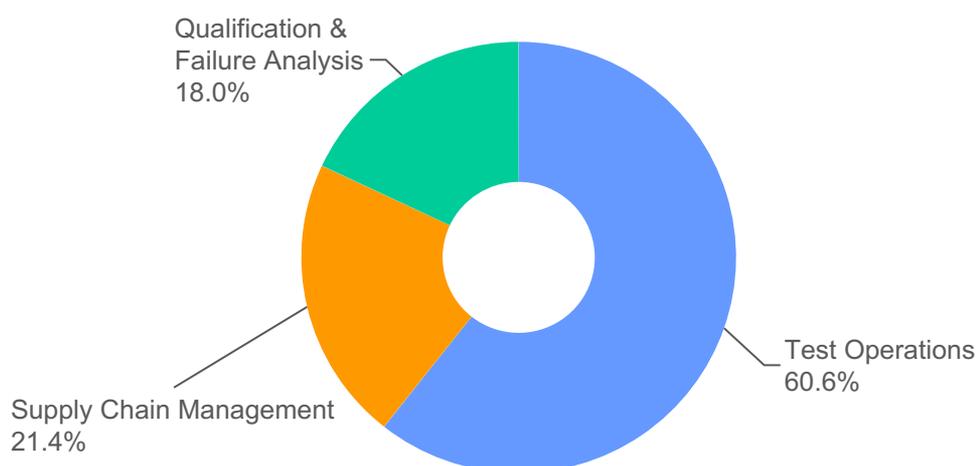
(x EUR 1,000)	2022	2021	change
Automotive	8,094	6,886	17.5 %
Industrial / Medical	6,683	6,270	6.6 %
HiRel / Aerospace	849	926	-8.3 %
Others	922	450	104.9 %
<b>Total</b>	<b>16,548</b>	<b>14,532</b>	<b>13.9 %</b>



Throughout 2022, the Test Operations unit showed a strong increase, which was related to the superior services and the excellent position RoodMicrotec has with its existing and new customers. The Supply Chain Management unit showed a limited increase compared to last year. The sharp increase in the second half of 2022 compared to the first half of 2022 was due to a higher demand for existing products as well as the production ramp-up in the context of new long-term contracts. In 2022, the Qualification & Failure Analysis unit saw a decrease compared to 2021. However, the total income for the second half of 2022 was 9% higher than for the first half of 2022, which shows that new customer projects are now starting.

**Total income results per operational unit:**

(x EUR 1,000)	2022	2021	change
Supply Chain Management	3,533	3,364	5.0 %
Test Operations	10,035	7,938	26.4 %
Qualification & Failure Analysis	2,980	3,230	-7.7 %
<b>Total</b>	<b>16,548</b>	<b>14,532</b>	<b>13.9 %</b>

**Total income per Operational Unit***Operating result*

The company recorded an operating result for 2022 of EUR 2.5 million compared to EUR 1.2 million in 2021, an increase of 99.8%. The increase in total income led only to a modest increase of raw materials and consumables (in 2021, raw materials and consumables were exceptionally high due to a high level of wafer deliveries) and combined with a smaller increase in operating expenses than in total income, led to an increase in operating margin from 8.4% in 2021 to 14.8% in 2022.

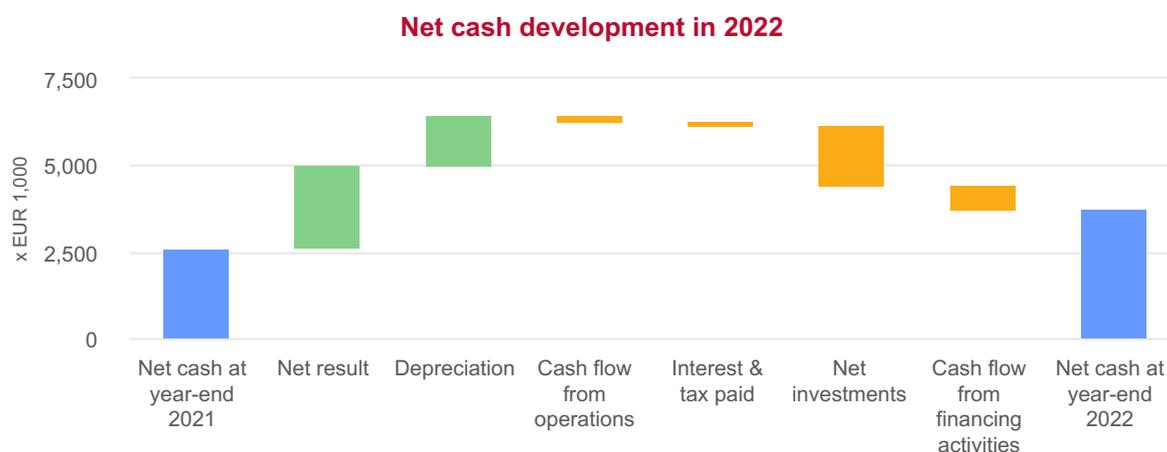
(x EUR 1,000)	2022	2021	change
EBIT	2,451	1,227	99.8%
% of total income	14.8%	8.4%	

*Net result*

The company recorded a net result for 2022 of EUR 2.4 million profit, an increase of 65.9% compared to 2021.

## Financial position

The balance sheet total increased to EUR 17.2 million in 2022 (2021: EUR 15.0 million). Equity increased by EUR 2.3 million, from EUR 5.6 million to EUR 7.9 million mainly resulting from net income generated in 2022 amounting to EUR 2.4 million. Solvency was 46% at year-end 2022, compared to 37% at year-end 2021.



At year-end 2022, RoodMicrotec had a net cash position of EUR 3.7 million (year-end 2021: EUR 2.6 million). The increase in the cash position was largely caused by an improvement of cash generated from operating activities.

In 2022, operating cash flow before working capital changes amounted to EUR 3.7 million compared to EUR 2.6 million in 2021. Net operating cash flow including working capital changes amounted to EUR 3.6 million. This amount was limited impacted by changes in working capital and interest paid.

The cash flow from investing activities was negative by an amount of EUR 1.7 million, as a result of investments in fixed assets. The cash flow from financing activities was negative by EUR 0.7 million. This was mainly the net result of the redemption of EUR 0.4 million from non-controlling interests. The repayment of leasing liabilities amounted to EUR 0.3 million.

## Financial objectives

- Our primary long-term objective is a substantial growth in sales.
- EBITDA is targeted at 12-17% of total income and EBIT at 6-12% of total income by continuously optimizing our operations through cost awareness and efficiency improvements.
- Profit before taxes should be in range between 4% and 10% of total income.
- A strong solvency ratio of between 38-50% helps us to strengthen confidence among customers, to guarantee continuity, to obtain loans and secure growth.
- We strive for a working capital ratio between 1.0 and 1.5. As a service provider and project organization this is a key element of our balance sheet. We must be able to secure sufficient funding to invest promptly in projects. Working capital is therefore vital to our future growth.
- For the debt ratio (net interest-bearing debt divided by EBITDA) our target is between 1.0 and 4.0, which is important for growth financing and for obtaining long-term projects. This ratio gives us a solid position that can be defended vis-à-vis the bank syndicates.

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## MAIN DEVELOPMENTS DURING 2022

### Total income

The total income for 2022 amounted to EUR 16.5 million, which is 14% higher than in 2021 (EUR 14.5 million) resulting in a second consecutive year with double-digit growth. Notably, this is the highest total income since 2000, and it shows that RoodMicrotec is focusing on the right fast-growing future-oriented markets. In the second half of 2022, the total income was EUR 9.2 million - an increase of 28% compared to the second half of 2021 (EUR 7.2 million). In 2022, the order book increased by 19% compared to the orders booked at the end of 2021, which is a good predictor for a steady quality of the services provided and a high satisfaction level of our customers.

Throughout 2022, the Test Operations unit showed a strong increase, which was related to the excellent services provided by RoodMicrotec to its new and existing customers. The Supply Chain Management unit showed a limited increase in 2022 compared to last year. The sharp increase in the second half of 2022 compared to the first half of 2022 was due to a higher demand for existing products as well as the production ramp-up in the context of new long-term contracts. In 2022, the Qualification & Failure Analysis unit saw a decrease compared to 2021. However, the total income for the second half of 2022 was 9% higher than for the first half of 2022, which shows that new customer projects are now starting.

### High frequency test solutions

RoodMicrotec has continued to expand its services in the areas defined in the Company's technology roadmap. High frequency test solutions are being developed for our demanding customers based on this technology and their demand for production test.

### High power qualifications

The first projects to qualify high power electronics according AQG 324 have been started in the Qualification & Failure Analysis department. These new services have been added to handle high power devices aimed for battery management and control.

### Longstanding partnership with Rohde & Schwarz

RoodMicrotec and Rohde & Schwarz have been working together for over 10 years and in this period RoodMicrotec has carried out the test development for various high frequency ASICs used by Rohde & Schwarz in their products. RoodMicrotec performs wafer and component level tests as well as qualifications prior to product launch.

For the coming years, further projects of this kind are already scheduled.

### Strategic cooperation with Novelda serving the UWB market

The world leader in UWB (Ultra-Wideband) sensing solutions, Novelda, and RoodMicrotec have reached an agreement on qualification, test and supply of a new generation of UWB devices. The Ultra-Wideband Sensor can detect the tiniest movements, even breathing and heartbeat. It will automatically activate a device like a laptop, an LCD screen or a ceiling lamp, when you need it, and turn the device off when you leave. This is useful in a variety of indoor applications in consumer electronics, building automation and in smart building systems.

The cooperation with RoodMicrotec as European partner enables Novelda to manage faster qualification and industrialization of new products. Effective collaboration, both on engineering and management level, and combining each partner's expertise is allowing 'first time right' development of test solutions, qualification processes and rapid launch of production testing and supply.

The global UWB market is forecasted by TSR (Techno System Research) to reach from 300 million units shipped in 2022 towards more than 1.8 billion units shipped by 2030.

### Book-to-bill

The order book is at a higher level than in the beginning of the year, even though the total income was higher than budgeted. This means that the book-to-bill ratio was above 1 for the year.

## SCM projects

During 2022 we have continued to progress the booked SCM projects towards production through test program development as well as qualification work. Some projects have been released for production and we start to see the first volumes for these customers. The geopolitical uncertainties and the shortage of semiconductor components have unfortunately put the focus from our customers on present project, thereby delaying new projects (but not cancelling them).

The turn-key project for a Swiss customer, which includes design of an ASIC through a design house partner, packaging of the device in Asia, qualification and test development in-house, is progressing well. The volume production for this device will start early 2023 in the RoodMicrotec facility in Nördlingen.

## Collaboration/partnerships

We continue to add additional collaboration agreements with several European leading and successful Fabless Companies (design houses) to strengthen our position in supply chain management. The design houses also felt a need to select a specialist supplier who could support them in manufacturing high-grade microchips (high-reliability chips) when they move these products to the market. Our experience, knowledge and infrastructure, including our equipment, proved to be a perfect match to the design house's needs.

## APPLAUSE publicly funded project

The APPLAUSE project "Advanced packaging for photonics, optics and electronics for low cost manufacturing in Europe," fosters the European semiconductor value chain by building new tools, methods and processes for high volume manufacturing and was funded national and international. RoodMicrotec has taken over the leadership of the work package 6 "testing, reliability, failure analysis and metrology".

The project has delivered exceptional results with significant immediate or potential impact. The progress over the last period was convincing.

## COVID-19 pandemic

During the first half of 2022, the COVID-19 pandemic situation was still influencing the way business was done around the globe. Many face-to-face meetings were changed to virtual meetings. After the summer, the situation improved so that we could reduce the limitations and have meetings with our valued customers face-to-face again to further build the relationships. Looking back, we got through the COVID-19 period very well and without any impact on staffing levels and operations of the two locations.

## Certification and accreditation

Since April 2019, RoodMicrotec is VDA6.2 certified. This extension to the ISO 9001:2015 is focused on automotive requirements. In the first half of 2022, we passed the monitoring audit.

In September the DAkkS accreditation of the Company's Qualification & Failure Analysis laboratories in Nördlingen and Stuttgart according ISO/IEC 17025 has been confirmed by a yearly monitoring accreditation.

## Communication and seminars

RoodMicrotec gave lectures on various subjects during several online events /conferences to interested parties, and on-site lectures for interested customers. By increasing our social media and print media presence, we published several technical LinkedIn posts at our RoodMicrotec-account and articles in magazines.

## Final settlement agreement on perpetual bond issued in 2012

As announced on September 9, 2021, Robus had initiated legal proceedings against RoodMicrotec GmbH before the Regional Court of Hamburg, in which it demanded immediate termination and claimed full repayment of the 2012 perpetual bond at its nominal amount of EUR 500k, to be increased with interest payments that Robus claimed to be entitled to for the years 2017, 2018 and 2021 (total claim EUR 644k). As a full and final settlement of the 2012 perpetual bond, RoodMicrotec GmbH has paid Robus a total settlement amount of EUR 400k nominal, without any interest, in two equal nominal installments of EUR 200k each on February 28, 2022 and June 30, 2022. This final settlement has been reached before and confirmed by the Regional Court of Hamburg in February 2022.

**Legal proceeding regarding perpetual bond issued in 2010**

In February 2022 Prime Capital Debt SCS, SICAV-FIS – Robus Recovery Sub-Fund ("Robus") initiated legal proceedings before the Regional Court of Frankfurt am Main (Landgericht Frankfurt am Main) against RoodMicrotec GmbH.

Robus is the holder of the perpetual bond (Genussscheine) of EUR 1,994k that RoodMicrotec GmbH issued in 2010. Robus initiated legal proceedings against RoodMicrotec GmbH before the Regional Court of Frankfurt, in which it demanded immediate termination and claimed full repayment of the 2010 perpetual bond at its nominal amount of EUR 1,994k, to be increased with interest payments that Robus claimed to be entitled to for the years 2017, 2018 and 2021. Total amount claimed in the proceedings amounted to EUR 2,568k to be increased with 11.7% interest for the applicable period.

RoodMicrotec GmbH contested all allegations and claims, and denied that any compensation payments were due on the perpetual bond or that any grounds for extraordinary termination of the perpetual bond existed. Accordingly, RoodMicrotec GmbH asked the court to reject Robus' claim.

Following an oral hearing held on March 7, 2023, the parties have reached agreement on a full and final settlement that was reached before and confirmed by the Regional Court of Frankfurt am Main. Pursuant to the settlement, RoodMicrotec GmbH shall pay a total amount of EUR 2,194k, in four equal installments of EUR 548k each, by March 31, June 30, September 30 and December 31, 2023. This equals 110% of the nominal value of the perpetual bond. Additional information is available in the section Events after Balance Sheet.

## FOCUS AND ACTIONS 2023

### Focus

The automotive and industrial markets will remain the main focus for RoodMicrotec since they are expected to grow significantly over the next years. We also see a great need for new and innovative solutions in the medical market to help the ever-aging population of the world. ASIC turnkey services in conjunction with several Fabless design houses and OEM customers are essential to win new projects for industrialization and recurring business.

Delivery of high quality services and solutions is important in the markets where we operate. We will therefore continue to improve our internal processes to excel the already very high-quality standard that RoodMicrotec is operating under. This will increase our competitiveness and also give our customers an advantage in the market.

We have a very good base of machinery, equipment and personnel to be able to meet the demands from our customers and the markets. It is however important to follow the trends in the market as well as the demands from the customers to define new services and solutions.

With the publicly funded projects that we engage in, we are improving our technical position for the future and they also bring new opportunities to engage with potential future customers.

### Actions 2023

- Further strengthen the knowledge and know-how in identified three future technology areas:
  - high power electronics (for example battery management and safety solutions);
  - high frequency (for example radar and LIDAR solutions for autonomous driving);
  - photonics wafer testing (for example image sensors, optical transceivers, photonic chips).
- Add another V93k, a pick-and-place handler and high power tester to the Test Operation to increase capability and capacity. Analyze the needs in the other departments to be able to continue to serve the increasing complexity of the devices.
- Implement solutions to handle modern packages such as Wafer Level Chip Scale Packages (WLCSPP) and chip-on-board in our process flows.
- Improve brand awareness of RoodMicrotec through professional articles and seminars for customers and other stakeholders.
- Strengthen and enlarge the customer base in our key market segments.
- The employee base will continue to change due to the new requirements in the market. The number of employees in 2023 will increase slightly to support the higher expected increase in business.
- Evaluate the need and possible solutions for re-financing the 2021 loan with the due date of March 2024.
- Continue to define the future Environmental, Social and Governance (ESG) targets for the Company.

## OUTLOOK

RoodMicrotec expects the total income for 2023 to be in the range of EUR 17.0 million to EUR 17.5 million, with a profit before tax of 5-10%, and thus in line with the financial targets. The geopolitical situation in the world and the current energy crisis throughout Europe could have an impact on the Company's business. RoodMicrotec is keeping a close eye on the situation and is doing everything possible to mitigate any potentially negative impact.

Deventer, April 19, 2023

### Board of Management

O.M. Sallenhag, CEO

A. Ladega, CFO

## SUPERVISION AND GOVERNANCE

### MEMBERS OF THE SUPERVISORY BOARD



**Ruud van der Linden**  
(m)

#### Chairman

**(1954) (Dutch)**

- Mr. Ruud van der Linden joined the Supervisory Board in 2021 after being appointed for a first term of four years.
- He became Chairman in 2022.
- He holds a Master degree in Physics, Mathematics and Educational Technology from the University of Twente.
- In a career spanning more than 35 years in the Electronics and Semiconductor industries he has held senior management positions at Philips, NXP, Hitachi, Freecom, Redmere and is currently a Venture Partner at Capital-E and CEO of Silicon Line GmbH.
- He has significant global experience from serving in Europe, the USA and Asia.
- As an experienced board member he is well connected with a broad personal network in the industries the Company serves.



**Marc Verstraeten (m)**

**(1966) (Dutch)**

- Mr. Marc Verstraeten joined the Supervisory Board in 2019 after being appointed for a first term of four years.
- He studied Business Economics at Tilburg University (Netherlands), as well as Postdoctoral Accountancy (*'Registeraccountant'*).
- After university, he started working at KPMG and worked there for 10 years as an external auditor in the international audit practice of KPMG in the Netherlands, including due diligence specialty.
- Beginning of 2001, Marc left KPMG and joined DOCDATA N.V. where he worked for almost 17 years in Finance functions (i.e. Corporate Controller, Finance Director, CFO).
- He has extensive experience with public listing at Euronext Amsterdam, corporate governance, compliance, internal audit, legal (Company Secretary), M&A, investor relations, stakeholder management and Boardroom dynamics (Secretary of Supervisory Board).
- Currently, Marc is working independent on a flexible basis and available for assignments as advisor in the broad Finance domain, interim CFO and Supervisory Board member.

## REPORT OF THE SUPERVISORY BOARD

We hereby present the 2022 Annual Report of RoodMicrotec N.V. as prepared by the Board of Management in accordance with article 26 of the Articles of Association of the Company.

The 2022 Annual Report, prepared by the Board of Management and including the 2022 financial statements, has been audited by KPMG Accountants N.V. The independent auditor's report relating to the financial statements is included in this report, see page 111. We discussed the Annual Report with the Board of Management in the auditor's presence. Based on this meeting, we are convinced that the Annual Report forms a solid basis for the Supervisory Board's accountability for its supervisory duties. During the process of preparation and audit of the 2022 financial statements of the Company, the Supervisory Board has closely supervised the Board of Management during their management of key topics, such as the implications of worldwide supply-chain disruptions (e.g. availability and transport timeliness of goods and raw materials), the energy crisis and geopolitical economic uncertainty resulting from the war in Ukraine, the aftermath of the COVID-19 pandemic with its impact on valuation and reporting assessments in general, the going concern assessment, the goodwill impairment test, the valuation of the pension plan assets and the perpetual loan bonds, including the legal procedures in front of the Courts in Hamburg and Frankfurt, related to these bonds.

We propose to the Annual General Meeting of Shareholders to be held on June 6, 2023 to:

- adopt the financial statements for the financial year 2022;
- discharge the Board of Management from liability for its conduct of business in 2022;
- discharge the Supervisory Board from liability for its supervision of the Board of Management in 2022;
- add the net profit for the financial year 2022 to the retained earnings reserve within equity.

### RoodMicrotec in 2022

The Company continued with the turnaround seen over the past few years building a healthy enterprise with a more certain future. The robustness of the Company in weathering the COVID-19 pandemic in 2020 and 2021 ensured an excellent start to 2022 with a healthy order book that remained strong throughout the year. Also in 2022 the prudent operational disciplines to protect the Company from further SARS-CoV-2 variants were continued and still proved effective; hence there was no negative impact on the business throughout the year.

The uncertainties of market trends particularly in the automotive sector, where issues regarding the long-term move to electrification are still developing, have become clearer in 2021 and 2022 as well, given the measures various Governments are putting in place for firm dates to regulate the changeover. This and other industrial and technology changes, such as political initiatives to start reshoring production capacity in the semiconductor industry from Asia to Europe, provide a clear indication of an assured growth of the semiconductor industry which is further supported by the latest industry forecasts that have a direct impact on the future prospects of the Company. The leading indicators for production levels and for manufacturing equipment development are in line with this view. In 2022, the key point of concern caused by supply chain shortages in the semiconductor industry as a whole were, same as in 2021, continuously monitored by management and contingency plans were acted on when necessary to ensure uninterrupted supplies to customers. This particular issue was well managed by the team and had little impact on the results.

The morale of the workforce remains high, largely due to the excellent openness and internal communication provided by the management. Although it was again necessary to cancel the physical annual Works Council meetings for a third year in a row due to the continuing COVID-19 protective measures in the Company, our contacts with the Works Council did not identify any outstanding issues to be addressed.

The business development strategy remains as previously reported by the Board of Management, hence the key elements of the strategy are embedded into the personal objectives of the CEO and waterfalled throughout the Company as usual. Overall, we are satisfied the Company remains on the correct strategy for its current size and position in the industry with projects that match well with the underlying technological changes. The historical trends of the semiconductor industry regarding periodical volatility within a strong long-term growth have not changed and can be reasonably expected to continue for the foreseeable future.

The regular combined meetings of the Board of Management and Supervisory Board progress well with excellent teamwork. The addition of Mr. Ruud van der Linden to the Supervisory Board in 2021 ensure a continued balance and effective coverage of supervision for the Company after Mr. Tee stepped down at the Annual General Meeting of Shareholders on June 9, 2022. The Supervisory Board since then may consult Mr. Tee from time to time as an advisor with independent expertise on the global semiconductor industry.

## Supervisory Board meeting schedule

The Supervisory Board gives the highest priority to good governance practice. The Supervisory Board met with the Board of Management on a scheduled monthly basis during 2022. The regular joint Boards meetings in 2022 were held virtually. In addition, the Boards met virtually during the general meeting of shareholders held on June 9, 2022. In total, the Supervisory Board met for 11 scheduled meetings, for one face-to-face strategy review meeting and 7 ad hoc meetings for various reasons.

A number of other additional meetings were held between individual members of the Board of Management and the Supervisory Board. These other meetings included frequent regular contacts between the CEO and the Chairman of the Supervisory Board, as well as various contacts between the CFO and Mr. Verstraeten. In the past, these meetings were held in various locations of mutual convenience, including corporate head office in Deventer, at the production sites in Stuttgart and Nördlingen and at convenient locations close to other coinciding meetings such as visits to customers and meetings with the Works Council. Typically, these meetings were held either face to face or by using teleconferencing. Most meetings in 2022 were held virtually, same as in the previous years, using the various digital platforms (e.g. Microsoft Teams, Skype), due to the continued COVID-19 protective measures in the Company.

In the Supervisory Board meetings in 2022, the following topics were reviewed and discussed extensively:

- the impact of the COVID-19 pandemic aftermath, in terms of our employees' health and the Company's operational performance;
- the business update, operational and financial targets;
- development and changes in the management team and appointments;
- the financial position, liquidity & banking relations;
- relevant capital expenditures;
- business development strategy (including strategic M&A options and opportunities);
- the scope and strategy of the Company and the related risk profile;
- evaluation of the Company's listing as a public company at Euronext Amsterdam;
- corporate governance issues;
- evaluation of KPMG Accountants N.V., following the 2021 audit as the third year of their engagement granted for the audit of the financial statements for the financial years 2019, 2020, 2021 and 2022;
- communication with key shareholders, investors & analysts;
- succession planning and recruitment;
- risk management;
- fraud risks and non-compliance with laws and regulations;
- legal disputes and court case;
- remuneration;
- financial audit;
- publishing of press releases;
- ESG implementation plan;
- actions to improve cyber security.

RoodMicrotec N.V. does not have a separate Audit Committee due to the size of the Company and thus the functions of the Audit Committee are handled by the Supervisory Board.

The Supervisory Board was able to provide personal support on several occasions throughout the year for strategic business discussions, business development strategy including strategic M&A options and opportunities, both internally and externally with potential alliance partners.

An occasional amount of illness or call to other duties meant some of the combined Board meetings had an absence of members, though all meetings had a majority attendance for adequate decision making.

## Strategic focus 2020-2022 and outlook 2023

Prior to 2021 we had concluded that the limited size of the Company operating in a public environment as a share-issuing listed entity was hampered by relatively extensive costs and other non-business-related requirements. So the Supervisory Board, in concert with the Management Board, started an active examination of the options to reposition the Company strategically in order to: a) remove or mitigate these burdens, or b) move the Company to a new position in the semiconductor industry. This was monitored on a monthly basis throughout 2021 based on the following four scenarios, identified in the 2020 annual report:

- continue “as-is”, focusing on autonomous growth;
- grow through a buy-and-build strategy;
- strategic M&A, including joining a larger ecosystem;
- delisting the Company and continue as a private company in a standalone scenario, potentially including an MBO and search for a financial sponsor.

Metrics for valuation of the Company at that time were derived with independent third-party support in order to gauge the scope for engaging with a trade sale opportunity and what shareholder support would be required.

During 2021, following various discussions in that year with potential trade partners and considering “as-is” options, we unanimously favoured as Supervisory Board and Board of Management a strategic M&A (joining a larger ecosystem) as first choice followed by a reduced cost “as-is” if suitable economies could be established. The latter option had the intention to continue building value until such time a suitable first option would appear. As stated in the 2021 annual report, our conclusion was reinforced by very positive trade discussions at that time. However, the continuation of the public health pandemic throughout 2021 caused opportunities to be put on hold.

Based on the excellent results of the Company in recent years, we have been in contact in the course of 2022 with multiple international parties to discuss the possibilities to join forces and together build a larger ecosystem as a business combination. Till date, this has not resulted in a decision to enter into an agreement that would be beneficial to all our stakeholders. Therefore, we continued to focus in 2022 on autonomous growth in the strategic “as-is” scenario and worked on further improvement of the Company’s business and financial performance, which would give the Company an even better position in any potential future M&A discussions with potential partners.

For 2023, the Supervisory Board and the Board of Management will continue to focus on these two scenarios. Other options will be considered should they emerge. Based on the outcome of our strategic review meeting held in the summer of 2022 by the two Boards for which we also engaged an independent corporate finance advisor, the Boards have decided that we will increase our efforts in 2023 to build a larger ecosystem as a business combination and take a more initiative-taking role as a Company to realize such an outcome.

## Supervisory Board composition and evaluation

The Supervisory Board comprises of two independent members who both meet the requirements of the Corporate Governance Code. Given their high levels of complementary expertise this is considered to be fully adequate for a Company of this size. The previous Chairman of the Supervisory Board, Mr. Tee, stepped down at the 2022 Annual General Meeting of Shareholders. The choice of Mr. Ruud van der Linden to join the Supervisory Board in 2021 was partly based on his additional experience and connections in the investment sector of the industry which may bring opportunities as the Company develops further. Therefore Mr. Van der Linden was appointed Chairman by the Supervisory Board after Mr. Tee having stepped down.

There were no separate committee meetings held in 2022 as all topics were discussed in the joint meetings with the Board of Management following an independent review by the Supervisory Board, with the exception of one remuneration committee meeting in which the remuneration of the Board of Management was discussed and evaluated against a set of companies that can be viewed as representative to its business. Based on this the updated remuneration was implemented. The composition of the Board of Management was also discussed during this meeting and the conclusion was that the Board of Management is still adequately composed for running the Company in the present stage and during the coming years. This remuneration committee meeting also evaluated the Remuneration Policy 2020-2023, which was approved by the Annual General Meeting of Shareholders held on July 23, 2020.

The regular monthly meetings of the combined Boards that operated through 2022 provided an open dialog platform for sound governance of the Company. In addition, each of the Boards separately and independently evaluated their own performance and where necessary the ISO control documents were updated accordingly. An additional benefit of the combined Boards approach is the provision of 360-degree feedback regarding performance.

With the regular interaction between the Board of Management and the Supervisory Board where all items are discussed and the insight the Supervisory Board has in the daily work of the Company, it is not deemed necessary to install a separate internal audit function.

The knowledge of the Board of Management and Supervisory Board was reviewed in the board meetings and is considered to be well established for the Company.

<b>Member of the Supervisory Board</b>	<b>Start Current Term</b>	<b>End Current Term</b>
Mr. Ruud van der Linden (Chairman)	2021	2025
Mr. Marc Verstraeten	2019	2023

Deventer, April 19, 2023

#### **Supervisory Board**

R.J.W.M. van der Linden, Chairman

M.E.T. Verstraeten

## RISK AND RISK MANAGEMENT

### General

Our policy is aimed at growth in conjunction with a relative reduction of market risks. Potential risks including fraud risks and non-compliance with laws and regulations are discussed within the Board of Management (and subsequently with the Supervisory Board). The objective of this self-assessment is to gain a deeper understanding into the (fraud) risks and the effectiveness of mitigating controls. Furthermore, the assessment increases the awareness of possible (fraud) risks. Finally, if needed, updates are for example made to the code of conduct and the whistle blowers policy. The risks outlined on the next pages reflect the risks we believe to be most relevant to the successful execution of our strategy, with a time horizon of at least 12 months. The sequence of risks does not reflect their relative importance, vulnerability or materiality. This overview is not exhaustive as there may be risks as yet unknown to us or that are currently not deemed to be material. The overview should be considered together with the forward-looking statements.

### Operational

**Total income** in Test Operations inclusive Test Engineering make up approximately 60% (2021: 55%) of total income. In this sector, we have a strong reputation and we have built up a relationship of trust with our major customers. In response to the trend of moving semiconductor manufacturing to Asia we have strongly increased the spread within our total customer base over the past few years, which has reduced risk. While we have long-term contracts with many of our major customers, these contracts do not include purchase guarantees. Risks are mitigated by intensive communication with customers on anticipated volumes. Other total income is made in the sectors Supply Chain Management and in Qualification & Failure Analysis. We focus on high-end work and long-term projects specifically in Supply Chain Management, which further reduces operating risks. During 2022, the sales from one of our long-term customers again increased and it is now exceeding 19,8% of our total income. This is mitigated by a very close cooperation with this customer on all levels, from technical meetings through production planning to sales and management discussions. In the situation, that our customer base will decrease and will not be compensated by new customers this will impact our growth ambitions or even could result in decreasing financial results.

**Costs** - Globalization is putting increasing pressure on prices in all areas, but particularly in our Test Operations. This requires constant focus on improving cost management, reducing costs, optimizing the test equipment load and intelligent solutions. Salaries and associated pension commitments are also monitored closely, as they make up more than half of our total costs. In other market sectors in which high-quality staff is being used, there is a limited staff surplus cost risk. There is a shortage of highly trained technical staff in Europe. In case there is a significant drop in business, we are not able to significantly decrease our cost level on a short notice, which could impact the financial results.

**Qualified staff** - In view of the advanced technological level of our operations, the Company is highly dependent on qualified staff. As it is not always easy to find such staff in the employment market, we have opted to set up our own training program in order to reduce the risk of not being able to attract qualified staff. We also collaborate with engineering firms and are in close contact with universities in order to attract bachelor and master students. The fact that RoodMicrotec has a branch in the University City Stuttgart puts it in a better position to recruit high-quality staff. In the situation that we experience significant difficulties in hiring qualified staff, this may impact our financial results from both a total income and cost perspective.

### Market risks

We operate in a highly cyclical market but in general, the semiconductor market will continue to grow in the future. The demand of semiconductors in Europe continues to rise, as manufacturers in Europe desire semiconductors to be produced closer to or within the continent. We have opted for this growth segment – the supply chain from Europe to Asia and back to Europe and the rest of the world – from the point of view of risk management as it better safeguards continuity.

In the past, various customers (IDMs) used RoodMicrotec as a way to generate additional sales in a short-time span, which increased the Company's exposure to market fluctuations. In view of this, we reduced our risk and are increasingly focusing on customers who wish to outsource their test activities on a long-term basis, such as Fabless Companies and OEMs. This exposes the Company to the upswings and downturns of the market, but also allows it to generate sales during downturns to customers who opt for outsourcing.

RoodMicrotec's ideal and preferred form of outsourcing is for customers to contract out the entire supply chain, including all their test activities, qualification & failure analysis and logistics. The Company offers a turnkey solution to the automotive, industrial, medical and HiRel / aerospace markets.

## Competition

In Europe we face competition from a number of countries. We aim to minimize our risk as an independent European semiconductor company by basing our sales and operations in the Netherlands, Germany and Britain and having agents in Denmark, Finland, France, Poland, Sweden, Switzerland, United Kingdom, Israel and India as our main partners.

## Finance

The Company's activities are exposed to a variety of financial risks: market risks (including currency risks), credit risks and liquidity risks. The Company's overall risk management program - with respect to the use of the main financial instruments - is described below.

**Financial markets and liquidity risks** - We operate in a capital-intensive market, where significant fluctuations are a normal phenomenon. Dealing with such fluctuations requires having enough available cash. The financial market circumstances may influence and/or damage the financing of our activities. Considering fluctuations in the financial markets, we prepare sensitivity analysis in our 5-years-rolling forecasts, cash flow prognosis, and investment budgets. Based on these analyses, we conclude in early stage equity line arrangements with our large investors and / or loan contracts.

**Currency risks** - So far, we have made most of our sales in Europe. Since most of our work is invoiced in Euros we have only limited exposure to currency fluctuations. We try to limit our currency risks as much as possible, and when transactions in other currencies increase will hedge our currency risks. We will continue to actively monitor this aspect, certainly in view of the international operations that are under development.

**Product liability risks** - We have taken out adequate liability insurance for production faults, which is particularly important for the automotive industry.

**Risks related to the share listing and audit** - The Company has a limited market capitalization and is a small public limited liability company listed at the Euronext stock exchange in Amsterdam. For such a small listed Company, the expenses related to listing requirements, such as audit fees, investor relations expenses, fees from regulatory bodies (e.g. Euronext, AFM), tend to have a relatively big impact on the Company's operating result. Furthermore, quite some small listed companies in the Netherlands appear to have profound difficulty to engage an auditing firm to audit their financial statements. Should the Company's current auditing firm, KPMG Accountants N.V., decide to terminate their audit engagement with the Company, this could result in the Company not being able to engage another auditor. And thus, this might result in the Company not being able to meet the listing requirements from Euronext and the Company's statutory obligations in this respect.

## Fraud

Fraud Risk description: Fraudulent activities by employees and the bypassing of internal control procedures or non-compliance with laws and regulations could result in an adverse impact on commercial operations, reputational damage, and customer satisfaction. Opportunity/response: We have further improved our internal control frame work, which includes a strict Code of Conduct. In addition, we maintain a zero-tolerance policy with regard to fraudulent behavior. With the further automation of administrative processes, we continue to mitigate risks in manual processes. Furthermore, a whistle blower policy is in place for which any incidents are closely monitored and independently followed up. Fraud cases, if any, are reported to the Supervisory Board.

## Geopolitical uncertainties

The possible disruption of the global economy by geopolitical uncertainties might reduce growth worldwide. In addition, the worldwide semiconductor market is cyclical and volatile. Predictions are cautious and just for one or two years; no real long-term outlook is available. In this respect, RoodMicrotec has identified the following as the major risks for the Company:

- Supply chain: Since RoodMicrotec is dependent on the delivery of parts and services from partners this can have an impact of the ability of the Company to deliver its services to the customers. Communication with our suppliers has been intensified to get early warning if the situation changes and to be able to find solutions. At this stage, no interruptions have been identified.
- Sales and profitability: If the demand of services from our customers is reducing it will have direct impact on the total income and profitability. We are keeping in close contact with our customers to get their continuous view on the situation so we can act accordingly. Internal control over purchases, as well as load of our different departments, are monitored regularly.

## Internal risk management and control system

For our IT-systems, we have opted for an integral tandem solution in one location. To control risks, the mainframes that are part of the tandem are physically separated and situated in special fireproof environments. All sites are connected to the integral tandem system, so as to reduce risks. The various companies, including the holding company in the Netherlands, the branch offices and the operational units, all work with the same IT-system, which allows for better monitoring of financial results.

Based on what is summarized above, RoodMicrotec feels that its internal risk management and control systems provide a reasonable degree of assurance that the financial reporting does not contain any material inaccuracies and that this system has worked adequately in the year under review. There are no reasons to believe that the system should not work adequately in the current financial year.

## Climate related risks

Based on an initial assessment of climate related risks and our regular risk assessments we have concluded that currently no material climate risks at the short term have been identified. A minor risk is the increased temperature due to global warming which might impact on the energy consumption since the production facility in Nördlingen needs to run at a controlled temperature. To improve the situation we have invested in a new chiller in both facilities to reduce dependence on external temperature and improve efficiency of the units.

## Environmental, Social and Governance

In the coming years we will review and define the future Environmental, Social and Governance (ESG) targets for the Company and provide sufficient insight into the sustainability risks. We are improving the carbon footprint where possible and have started by changing the company cars to either full electric or plug-in hybrid versions.

## Strategic plans

Strategic plans are discussed annually, adjusted where necessary, and then translated into budgets that are regularly compared to the actual state of affairs. Monthly reports are prepared that may give rise to corrective actions. The internal quoting process is subjected to a monthly (quality) audit, which investigates whether internal guidelines have been adhered to.

## Internal evaluations and external audits

A schedule is drawn up every year for internal evaluations and external audits. Our employees and external auditors then act upon this schedule. Both the internal evaluations and the external audits may result in corrective measures; the feedback on internal control observations from the external audits are discussed by the Supervisory Board (audit committee).

## Audit committee

The audit committee comprises all members of the Supervisory Board.

### **Letter of representation**

Every year, the RoodMicrotec Board of Management signs a detailed statement concerning financial reports and external audits.

### **Actions taken in 2022**

During 2022, RoodMicrotec has tracked the potential risks in different ways. The sales team prepares new forecasts on a monthly basis, which are then presented to the Board of Management. The follow up on this is done with respect to investments, personnel and other operating expenses. The financial results are also reviewed on a monthly basis; the results are prepared by the finance department and then approved by the Board of Management and discussed with the Supervisory Board during the monthly Board Calls.

Market risks and Competition are mainly reviewed in the sales and strategy meetings. In these meetings the sales team as well as the department leaders present their view on these topics and the Board of Management then reports these findings to the Supervisory Board. If there are material changes in any of these areas during the year, it is reported separately.

The Board of Management had regular meetings with the IT team to review security risks when it comes to the infrastructure. Based on this various investments have been done to improve the security of the systems. The quality department has the responsibility to control the internal processes and these are reviewed once a year with the Board of Management in a management review. If urgent actions are needed additional meetings are held.

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## CORPORATE SOCIAL RESPONSIBILITY

### 1. Introduction

Underpinning RoodMicrotec's commitment to responsible corporate citizenship and the pursuit of a sustainable future - economic, social and environmental - the Code of Conduct sets out guiding principles on integrity and ethics in business conduct. They govern RoodMicrotec's business decisions and actions throughout the world and apply equally to corporate actions and to the behavior of individual employees in conducting RoodMicrotec's business. They are subject to applicable laws.

The Code of Conduct is not all-encompassing but formulate minimum requirements of behavior. There is room to specify further local rules of business conduct. The Code of Conduct, which has been adopted by the Board of Management and approved by the Supervisory Board, is reviewed on a regular basis and revised if necessary.

### 2. General commitment

RoodMicrotec's mission is to be a knowledge and technology driven service provider in the field of modern devices that is able to handle the whole chain for complex requirements as well as individual services. In a world where technology increasingly touches every aspect of our daily lives, RoodMicrotec aspires to be a leading solutions provider in the semiconductor industry in the areas of automotive, industrial, medical and HiRel / aerospace.

RoodMicrotec wishes to be a responsible partner in society, acting with integrity towards its shareholders, customers, employees, suppliers and business partners, competitors, governments and their agencies and others who can be affected by its activities. RoodMicrotec duly observes the applicable rules of the law of the countries in which it operates and regularly reviews its interests and those of affected persons or entities in order to ensure a healthy, long-term relationship with them. RoodMicrotec endeavors to adapt to local situations in order to take the most appropriate approach to possible problems within the bounds of applicable law and responsible conduct. In this respect RoodMicrotec supports the principle of dialogue and cooperation with all parties involved.

#### 2.1. Human rights

With due regard to the Universal Declaration of Human Rights, which states that all parties in society, including corporate persons, have a duty to respect and safeguard human rights, and within the framework of the legitimate role of businesses, RoodMicrotec supports and respects human rights and strives to ensure that its activities do not make it an accessory to infringements of human rights.

#### 2.2. Free market competition

RoodMicrotec supports the principle of free market competition as a basis for conducting its business and observes applicable competition laws and regulations.

#### 2.3. Product safety

RoodMicrotec aims, at all times, to supply safe products and services.

#### 2.4. Privacy

The privacy of personally identifiable information about customers, employees, business partners and other individuals will be protected.

#### 2.5. Environmental protection

Consistent with RoodMicrotec's commitment to sustainable development, it will do all that is reasonable and practicable to minimize any adverse effects of its activities on the environment.

### 3. Commitment towards customers

RoodMicrotec's goal is to constantly delight each customer with breakthroughs both large and small. To this end, the Company seeks to maintain an ongoing dialogue with its customers. RoodMicrotec is committed to listen to and learn from them, so that it is able to design and deliver the solutions they really want and need. RoodMicrotec will always deal with its customers in a fair and forthright manner, maintaining the highest levels of integrity.

#### **4. Commitment towards shareholders**

It is of central importance to RoodMicrotec to conduct its operations in accordance with the highest standards of internationally accepted principles of good corporate governance. RoodMicrotec aims to achieve long-term value creation and a satisfactory return on equity, while at the same time retaining sufficient funds in the Company to generate profitable growth. RoodMicrotec attaches great value to its relations with its shareholders and the financial markets and provides timely, regular and reliable information on its activities, structure, financial position and performance.

#### **5. Commitment towards employees**

RoodMicrotec values its employees as a key resource. An atmosphere of good employee communication, involvement and responsibility is of central importance, and an employee's personal development and optimum use of talents is encouraged.

##### **5.1. Employee relations**

RoodMicrotec shall – within the framework of (local) law and common local practice – inform its employees at least once a year about the general course of the business.

##### **5.2. General statement about Conventions of the ILO**

The Conventions of the International Labor Organization are addressed to member states of the International Labor Organization, not to individuals or companies. RoodMicrotec supports the aim of the International Labor Organization to arrive at universally accepted labor standards. RoodMicrotec has adopted internal procedures and guidelines with respect to topics covered by the seven Fundamental Conventions of the International Labor Organization, such as forced labor, the right to organize, collective bargaining, discrimination and child labor.

##### **5.3. Right to organize**

RoodMicrotec recognizes and respects the freedom of employees to choose whether or not to establish or to associate with any organization of their own choosing (including labor unions) without RoodMicrotec's prior authorization. RoodMicrotec will not make the employment of a worker subject to the condition that he/she shall not join a union or shall relinquish labour union membership. Furthermore, RoodMicrotec will not cause the dismissal of – or otherwise prejudice – a worker by reason of union membership. RoodMicrotec will not interfere with or finance labor organizations or take other actions with the object of placing such organization under the control of RoodMicrotec.

##### **5.4. Collective bargaining**

RoodMicrotec respects – within the framework of law, regulations and prevailing labor relations and employment practices – the right of its employees to be represented by labor unions and other employee organizations. RoodMicrotec will engage in negotiations, either on its own behalf or through employers' associations, with a view to reaching agreement on employment conditions.

##### **5.5. Employment conditions**

Employees will be informed about the outcome of the negotiations on employment conditions with employee representatives, if applicable, and RoodMicrotec shall ensure that employment policies regarding pay and/or job grading, working hours, health and safety, are clear and transparent and fully compliant with all applicable national laws.

##### **5.6. Discrimination**

Every employee has equal opportunities and will be treated equally in employment and occupation. RoodMicrotec offers equal pay for equal work performed at equal levels at similar locations. No form of harassment or discrimination in respect of employment and occupation will be tolerated, such as discrimination based on race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

##### **5.7. Health and safety**

RoodMicrotec will do all that is reasonable and practicable to protect the health and safety of its employees.

##### **5.8. Equal and fair treatment**

Every employee has equal opportunities and will be treated equally in employment and occupation regardless of personal background, race, gender, nationality, age, sexual preference or religious belief. The same applies to the recruitment of employees. RoodMicrotec strives to offer equal pay for equal work performed at equal levels at similar locations. No form of harassment or discrimination will be tolerated.

### 5.9. Wages and payment

Remuneration must be consistent with the provisions of all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Any disciplinary wage deductions must be in conformity with local law. Wages will be paid regularly via bank account. Employees will be informed about the composition of their pay and benefits in a detailed and clear manner.

### 5.10. Working hours

Working weeks are not to exceed the maximum set by local law and should not be more than 60 hours, including overtime, except in emergency or exceptional circumstances to meet short-term business demand. Employees will be allowed at least one day off per seven-day period. Overtime work shall be voluntary, unless agreed in a collective labor agreement or union contact, or, in emergency or exceptional circumstances, to meet short-term business demand.

### 5.11. Employee development

Both RoodMicrotec and its employees have a commitment to each other to make every effort to ensure high levels of performance and employability. To this end, RoodMicrotec will provide relevant training opportunities to its employees.

### 5.12. Harassment

RoodMicrotec will not tolerate harsh and inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, bullying, mental or physical coercion or verbal abuse of RoodMicrotec employees, or the threat of any such treatment.

## 6. Commitment towards suppliers and business partners

RoodMicrotec pursues mutually beneficial relationships with its suppliers and business partners. It seeks to award business to suppliers and business partners who are committed to act fairly and with integrity towards their stakeholders and who observe the applicable laws of the countries in which they operate.

## 7. Assets and information

### 7.1. Use and protection of assets

Each employee is responsible for the proper use, protection and conservation of RoodMicrotec's assets and resources as well as confidential information disclosed to RoodMicrotec by its business partners. RoodMicrotec's assets and resources as well as any opportunities arising by virtue of one's position, are to be used solely to pursue and achieve RoodMicrotec's goals and not for personal benefit.

### 7.2. Improper disclosure

RoodMicrotec regards information for the purpose of its business as a corporate asset that must be protected against loss, infringement and improper use and disclosure.

RoodMicrotec is committed not to make use of information disclosed to it by a third party if it is suspected that the discloser thereby violates an obligation of confidentiality, unless the information:

- is generally available to the public, other than as a result of disclosure by RoodMicrotec;
- has been independently developed by RoodMicrotec;
- or becomes available to RoodMicrotec either on a non-confidential basis from a third party who is not bound by any confidentiality obligations or by operation of law.

### 7.3. Insider trading

All employees shall comply with RoodMicrotec's insider trading rules. This means that non-public information which might influence the market price of RoodMicrotec shares shall be kept in strict confidence until publicly released by authorized management. Furthermore, employees who have sensitive information, which could influence the price of RoodMicrotec shares and related rights, must refrain from directly or indirectly executing transactions in RoodMicrotec shares and related rights. Additionally, employees have to comply with statutory rules and regulations concerning insider trading with respect to securities of other listed companies.

## 8. Engagement outside RoodMicrotec

RoodMicrotec expects its employees to be fully dedicated to the proper fulfillment of their jobs and to avoid any (potential) conflict of their personal or business activities and financial interests with such commitment. Any engagement outside RoodMicrotec and any financial interest (direct or indirect such as via a family member or acquaintance) which could give rise to a conflict of interest should always be promptly disclosed to the next level of management.

Financial reward received for services rendered to third parties should be made over to the Company. However, if the service in question is rendered largely in the employee's own private time, management may grant the employee permission to retain all or part of the compensation. Compensation received in respect of part-time posts held, professional not direct related to RoodMicrotec, with permission, may be retained. This provision does not apply to compensation for services rendered by a person in his private time, which are not related in any manner to his professional activities for RoodMicrotec.

## 9. Business integrity

### 9.1. Bribery; records of transactions

RoodMicrotec insists on honesty, integrity and fairness in all aspects of its business. Bribes in any form are unacceptable; commission payments and personal gifts or favors may only be made or accepted in strict accordance with these directives. RoodMicrotec strives to comply with the highest levels of transparency and accountability throughout the Company. Records of transactions should be maintained in an accurate, complete and timely manner in accordance with RoodMicrotec accounting principles. No unrecorded funds or assets should be established or maintained.

### 9.2. Gifts

The acceptance of gifts or personal favors of commercial value are not acceptable. It is to be made clear to third parties that personal favors can only influence the business relationship negatively and that business decisions are based solely on benefits to the Company and not on considerations of past or future personal gain. In general, a gift (the value of which does not exceed EUR 50) may be accepted if given voluntarily and if there is no reasonable likelihood that it will influence your judgment or actions in performing duties for RoodMicrotec.

When refusing a gift would be discourteous, the gift must be promptly turned over to the Compliance Officer. RoodMicrotec will, in case that it happens, consider donating such gifts to charitable institutions. If you have any doubts in a given situation, please discuss with your management or the Compliance Officer.

Some other guidelines with regard to gifts:

- Personal financial assistance of any kind provided by a supplier or another business contact, other than a financial institution acting in the ordinary course of business, is prohibited.
- Attendance at sport events, restaurants, bars, shows, etc. as the guest of a business contact is permissible only up to two times a year per business contact and only if the hosting company representative is present.
- Travel and overnight accommodation paid for by a (potential) supplier is not allowed.

### 9.3. Third-party interests

Employees are not allowed to have any direct or indirect financial interest in a supplier or competing company with the exception of a financial interest in a publicly traded company.

### 9.4. Payments to third parties

Any payment for a company's products or services must be made to the Company, not to an individual. All payments must be properly and fairly recorded in appropriate books of account available for inspection. There must be no 'off the books' or secret accounts. No payments will be channeled through an Agent. All payments made to an Agent should be intended for the Agent itself. Cash payments are not permitted; all payments should be made to a bank account designated in writing. Payments to a so-called numbered account with a bank are not permitted. RoodMicrotec only makes payment to the provider of goods or services received. A request to divert a payment to an entity or person offshore shall always be rejected

### 9.5. Commission payments

Commission payments to third parties is too difficult and complex a topic to be addressed exhaustively in specific guidelines. The objective is to make sure that the hard rule laid down in the Code of Conduct on the prohibition of bribes in any form is not circumvented by commission payments. Against this background, the acceptability of a commission payment has to be determined on the basis of a thorough evaluation and assessment, by responsible management, of all relevant information in respect of the proposed commission as well as the third party to whom it is to be paid. In this respect, it is recommended that the Board of Management consult the Supervisory Board.

In the event of reasonable doubt as to compliance to local and international laws and regulations and/ or the Code of Conduct, and if this doubt cannot be eliminated in consultation with a legal advisor, the payment should not be made, and the contract should not be concluded. Any commission payment to a third party should be justified by clear and demonstrable services rendered by that party to RoodMicrotec. In the event of the commission payment also covering a substantial part of the activities that are generally included in cost of sales, the level of the commission may vary from country to country. In this respect, it is recommended that management compare the selling price of the order with quotations offered by competitors. If the RoodMicrotec price differs substantially from that of the competitors, management has to make sure that the difference is not due to a difference in the amount of commission to be paid. A commission payment equaling a double-digit percentage is not acceptable, except in the event of extreme circumstances and without prejudice to the above.

#### **9.6. Agents, distributors, commissioners**

The remuneration of an agent, distributor, commissioner and the like (hereinafter: Agent) may not exceed the normal and reasonable commercial rates for the legitimate service rendered by the Agent. An Agent shall be appointed by virtue of a service contract in writing, which shall always incorporate a reference to the Code of Conduct. All such contracts shall be registered in the country. The background of the Agent must be reviewed thoroughly by the person proposing the Agent in close cooperation with the country management; evidence of such review must be available in the file. An Agent may not be a Government official. A record will be maintained of the names and terms of engagement of all Agents.

#### **9.7. Facilitating payments**

Facilitating payments are small payments made in money or in kind, which have to be made, in accordance with publicly known and widely followed local custom and practice, in connection with the performance, by officials in documentation, customs clearance and other matters, of their normal duties. A characteristic of facilitating payments is that the service obtained as the result of such payment represents the legitimate function of the official concerned and does not render undue advantage to the payer in comparison with other companies. Facilitating payments do not fall within the scope of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. In some countries, however, the legislation to implement the Convention also covers facilitating payments, as a consequence whereof an officer (or, under certain circumstances, the Company) who has made such payments abroad, could be prosecuted in his home country. In general, RoodMicrotec is opposed to the making of facilitating payments. The Company will promote measures to eliminate such practices; at all events applicable laws and regulations should be complied with.

#### **9.8. Political payments**

RoodMicrotec shall not pay advisory fees, make payments or donations, in money or in kind, to political parties, political organizations or individual politicians. Subject to applicable laws and regulations, exceptions to this prohibition may be made – where legally permissible – only if explicitly approved by the Board of Management. In those exceptional cases where payments or donations are made, all requirements regarding public disclosure of such payments or donations shall be complied with in full.

#### **9.9. Money laundering**

RoodMicrotec will not participate in "money laundering" by entering any arrangement which is known or there is reason to suspect that it will be used to facilitate any acquisition, retention, use or control of any property or money intended to disguise the proceeds of crime. An employee who suspects a situation of money laundering shall inform the Compliance Officer.

### **10. Internet, Intranet and e-mail use**

No RoodMicrotec employee may use RoodMicrotec's internal e-mail system, Intranet or Internet in any way that is illegal or might otherwise damage RoodMicrotec's reputation, such as by:

- deliberately accessing, creating, displaying, transmitting, soliciting, printing, downloading or otherwise disseminating messages, information or material that is or could be construed as threatening, fraudulent, pornographic, discriminatory, sexually oriented, abusive, libelous, derogatory, defamatory, obscene, harassing, disparaging or otherwise unlawful or inappropriate;
- deliberately copying, reproducing, transmitting, distributing, posting or otherwise disseminating or using materials in violation of intellectual property laws or any other applicable law or regulations;
- knowingly "spamming" (the practice of sending e-mail in bulk to (random) e-mail accounts), or using information captured via the Intranet or the Internet for "spamming";
- knowingly sending unsolicited e-mails, such as product promotions etc., to individual consumers unless they opted-in to such communications;

- using it for personal gain (e.g. through online gambling or non-RoodMicrotec business activities). No RoodMicrotec employee may use RoodMicrotec's internal e-mail system, Internet (mail) or Intranet in any way that may interrupt its efficient and effective operation or compromise the security of RoodMicrotec's or third parties' systems, such as:
- purposely circumventing security measures to gain unauthorized access to systems or data, whether belonging to RoodMicrotec or a third party;
- purposely compromising any computer system, whether belonging to RoodMicrotec or a third party (e.g. through deliberate introduction of a virus or hacking);
- intentionally creating an excess volume of non-business communication that may impair operation of the messaging environment.

RoodMicrotec may take measures to monitor compliance with this Directive and with local laws.

## **11. Observance of the Code of Conduct**

### **11.1. Sanctions**

All RoodMicrotec employees must comply with the Code of Conduct. Violation may lead to disciplinary action, including dismissal, notwithstanding any further civil or criminal action that may be taken.

### **11.2. Whistle-blower policy**

In order to promote the reporting of violations of the Code of Conduct, a whistle-blower policy is in place, enabling employees to submit complaints on an anonymous basis without fear of the complaints leading to disciplinary action.

### **11.3. Compliance**

Compliance with the Code of Conduct is monitored via the Compliance Officer, who regularly reports to the Board of Management and Supervisory Board on the deployment of the Code of Conduct and on ethical issues in general. Reporting on compliance with the Code of Conduct is also an integral part of the Corporate Governance statement issued annually by the Board of Management, Supervisory Board and Corporate Management Team as part of a cascade process leading to certification of the RoodMicrotec's annual accounts. Compliance processes and procedures are reviewed by RoodMicrotec's Supervisory Board.

### **11.4. Compliance Officer**

It is recommended that the chief financial officer (CFO) should be appointed as Compliance Officer. In this capacity he/she reports to the Board of Management and Supervisory Board respectively.

Further information and a downloadable version: [www.roodmicrotec.com](http://www.roodmicrotec.com)

## DIVERSITY & INCLUSION POLICY

RoodMicrotec N.V. is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion.

Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and company's achievement as well.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

RoodMicrotec diversity initiatives are applicable - but not limited - to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Work/life balance through flexible work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

All employees of RoodMicrotec have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. All employees are also required to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.

Employees who believe they have been subjected to any kind of discrimination that conflicts with the company's diversity policy and initiatives should seek assistance from a supervisor or an HR representative, according to the whistle blower policy.

Further information and a downloadable version: [www.roodmicrotec.com](http://www.roodmicrotec.com)

## CORPORATE GOVERNANCE

RoodMicrotec N.V. respects the 2022 Dutch corporate governance code (hereinafter referred to as the Code) and considers its application in the light of the Company's scale. In this context, RoodMicrotec has decided on a trend-follower position. The system of the Code will be leading in this chapter. The chapter numbers correspond to the chapters of the Code.

RoodMicrotec is very aware of the role it plays in society. Consequently, we judge ourselves by society's standards, thereby indirectly rendering account for our activities to all our stakeholders:

- customers;
- investors;
- employees;
- our immediate social environment.

We also engage with these groups, for example through seminars with customers, investors and the press, regional business relations, and through open and transparent discussions with our employees. RoodMicrotec's General Business Principles and whistleblower policy may be inspected on our website.

Shareholders are free to pursue their own interests within the boundaries of reasonableness and fairness, yet mindful of corporate social responsibility. They are in principle not bound by the interests of the Company and the business it runs. We are happy to enter into discussions with shareholders if they do not accept the Company's explanation of why it has resolved to deviate from any best-practice provision.

### Chapter 1. Long-term value creation

#### 1.1.1 – 1.1.5 Long-term value creation strategy

The Board of Management is responsible for the continuity of the Company and its affiliated enterprise and for sustainable long-term value creation by the Company and its affiliated enterprise. The Board of Management takes into account the impact the actions of the Company and its affiliated enterprise have on people and the environment and to that end weighs the stakeholder interests that are relevant in this context. The Supervisory Board monitors the Board of Management in this regard.

The Board of Management develops a view on sustainable long-term value creation by the Company and its affiliated enterprise and formulates a strategy in line with this. The Board of Management formulates specific objectives in this regard. Depending on market dynamics, it may be necessary to make short-term adjustments to the strategy.

The Board of Management engages the Supervisory Board early on in formulating the strategy for realizing sustainable long-term value creation. The Board of Management accounts to the Supervisory Board for the strategy and the explanatory notes to that strategy.

The Supervisory Board supervises the manner in which the Board of Management implements the strategy for sustainable long-term value creation. The Supervisory Board regularly discuss the strategy, the implementation of the strategy and the principal risks associated with it. In the report drawn up by the Supervisory Board, an account is given of its involvement in the establishment of the strategy, and the way in which it monitors its implementation.

In the management report, the Board of Management provides a more detailed explanation of its view on sustainable long-term value creation and the strategy to realize this and describes the contributions made to sustainable long-term value creation in the past financial year. In addition, it describes the formulated objectives, what effects the Company's products, services and activities have had on people and the environment, how the interests of stakeholders have been considered, what action has been taken in that context and the extent to which the set objectives have been attained. The Board of Management reports on both short and the long-term developments.

To ensure that the interests of the relevant stakeholders of the Company are considered when the sustainability aspects of the strategy are determined, the Company draws up an outline policy for effective dialogue with those stakeholders.

#### 1.2.1 – 1.2.3 Risk management

RoodMicrotec has adequate internal risk management and control systems in place. The Board of Management is responsible for identifying and managing the risks associated with the Company's strategy and activities. The

majority of the risk management systems within the Company is based on the structure from the ISO 9001:2015 standard.

The Board of Management will identify and analyze the risks associated with the strategy and activities of the Company and its affiliated enterprise. Based on the risk assessment, the Board of Management will design, implement and maintain adequate internal risk management and control systems.

The Board of Management monitors the operation of the internal risk management and control systems and will carry out a systematic assessment of their design and effectiveness at least once a year. This monitoring covers all material control measures relating to strategic, operational, compliance and reporting risks.

### **1.3.1 – 1.3.6 Internal audit function**

Since RoodMicrotec does not have an internal audit function, the Supervisory Board will assess annually whether adequate alternative measures have been taken, and will consider whether it is necessary to establish an internal audit department.

### **1.4.1 – 1.4.3 Risk management accountability**

The Board of Management will render account of the effectiveness of the design and the operation of the internal risk management and control systems. The Board of Management discusses the effectiveness of the design and operation of the internal risk management and control systems with the Supervisory Board. The management report will render account of the accountability as well as the insight made into the risk management.

### **1.5.1 – 1.5.4 Role of the Supervisory Board**

The Supervisory Board supervises the policies carried out by the Board of Management and the general affairs of the Company and its affiliated enterprise. In so doing, the Supervisory Board also focuses on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of the financial reporting.

RoodMicrotec does not have a separate audit committee due to the size of the Company. The functions of the audit committee is handled by the Supervisory Board.

The Supervisory Board will focus on monitoring the Board of Management with regard to:

- relations with, and compliance with, recommendations and follow-up of comments by the internal and external auditors and any other external party involved in auditing the sustainability reporting;
- the funding of the Company;
- the Company's tax policy.

### **1.6.1 – 1.6.5 Appointment and assessment of the functioning of the external auditor**

The Supervisory Board will submit the nomination for the appointment of the external auditor to the general meeting, and supervises the external auditor's functioning.

The Supervisory Board gives the external auditor a general idea of the content of the reports relating to its functioning. The Supervisory Board will formulate the engagement for the external auditor's to audit the financial statements. The Board of Management plays a facilitating role in this process. In formulating the terms of engagement, attention must be paid to the scope of the audit, the materiality to be used and remuneration for the audit. The Supervisory Board resolves on the engagement.

The main conclusions of the Supervisory Board regarding the external auditor's nomination and the outcomes of the external auditor selection process will be communicated to the general meeting. The Company should publish a press release in the event of the early termination of the relationship with the external audit firm. The press release should explain the reasons for this early termination.

### **1.7.1 – 1.7.6 Performance of the external auditor's work**

The Supervisory Board and the external auditor will discuss the audit plan and the findings of the external auditor based on the work the external auditor has undertaken. The Board of Management and the Supervisory Board maintain regular contact with the external auditor.

The Board of Management will ensure that the external auditor receives all information that is necessary for the performance of his work in a timely fashion. The Board of Management will give the external auditor the opportunity to respond to the information that has been provided. The external auditor will discuss the draft audit plan with the Board of Management before presenting it to the Supervisory Board.

The Supervisory Board will determine whether and, if so, how the external auditor should be involved in the content and publication of financial reports other than the financial statements. The Supervisory Board should meet with the external auditor as often as it considers necessary, but at least once per year, outside the presence of the Board of Management.

The Supervisory Board should be permitted to examine the most important points of discussion arising between the external auditor and the Board of Management based on the draft management letter or the draft audit report. The external auditor should in any event attend the meeting of the Supervisory Board at which the report of the external auditor on the audit of the financial statements is discussed.

## **Chapter 2. Effective management and supervision**

### **2.1.1 – 2.1.10 Composition and size**

The Board of Management and the Supervisory Board should be composed in such a way as to ensure a degree of diversity appropriate to the Company with regard to expertise, experience, competencies, other personal qualities, sex or gender identity, age, nationality and cultural or other background.

The Supervisory Board shall prepare a profile, taking account of the nature and the activities of the enterprise affiliated with the Company. Information about each Supervisory Board member will be included in the report of the Supervisory Board. Each Supervisory Board member and each Board of Management member should have the specific expertise required for the fulfillment of his duties. Each Supervisory Board member should be capable of assessing the broad outline of the overall management.

RoodMicrotec does not have an executive committee due to the size of the Company.

The Company should have a Diversity & Inclusion Policy (D&I policy) for the enterprise. The D&I policy should in any case set specific, appropriate and ambitious targets in order to achieve a good balance in gender diversity and the other D&I aspects of relevance to the Company with regard to the composition of the Board of Management and the Supervisory Board. The Supervisory Board adopts the D&I policy for the composition of the Board of Management and the Supervisory Board.

The corporate governance statement should explain the D&I policy and the way in which it is implemented in practice. If one or more goals for the composition of the Board of Management and the Supervisory Board are not achieved, an explanation of the reasons should be included in the corporate governance statement, along with an explanation as to which measures are being taken to attain the goals, and by when this is likely to be achieved.

The composition of the Supervisory Board is such that the members are able to operate independently and critically vis-à-vis one another, the Board of Management, and any particular interests involved. RoodMicrotec is following the definition in chapter 2.1.8 when defining independence of the Supervisory Board members. The chairman of the Supervisory Board should not be a former member of the Board of Management of the Company and should be independent.

The report of the Supervisory Board states that, in the opinion of the Supervisory Board, the independence requirements referred to in best practice provisions have been fulfilled.

### **2.2.1 – 2.2.8 Appointment, succession and evaluation**

The Supervisory Board ensures that a formal and transparent procedure is in place for the appointment and reappointment of Board of Management and Supervisory Board members, as well as a sound plan for the succession of Board of Management and Supervisory Board members, with due regard to the diversity policy. The functioning of the Board of Management and the Supervisory Board as a collective and the functioning of individual members should be evaluated on a regular basis.

A Board of Management member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time. A Supervisory Board member is appointed for a period of four years and may then be reappointed once for another four-year period. The Supervisory Board member may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years.

A member of the Supervisory Board or the Board of Management should retire early in the event of inadequate functioning, structural incompatibility of interests, and in other instances in which this is deemed necessary by the Supervisory Board.

RoodMicrotec does not have a separate selection and appointment committee due to the size of the Company. The functions of the selection and appointment committee are handled by the Supervisory Board.

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At least once per year, outside the presence of the Board of Management, the Supervisory Board should evaluate its own functioning and that of the individual Supervisory Board members, and should discuss the conclusions that are attached to the evaluation. The evaluation should take place periodically under the supervision of an external expert.

At least once per year, outside the presence of the Board of Management, the Supervisory Board should evaluate both the functioning of the Board of Management as a whole and that of the individual Board of Management members, and should discuss the conclusions that must be attached to the evaluation, such also in light of the succession of Board of Management members.

### **2.3.1 – 2.3.11 Organization of the Supervisory Board and reports**

The Supervisory Board ensures that it functions effectively. It is the responsibility of the Supervisory Board as an organ and of the individual members of the Supervisory Board to obtain information and forming an independent opinion.

The Supervisory Board does not have any committees; all items are handled by the Supervisory Board. The Company has appointed a Company secretary, who ensures the usage of certain procedures and ensures that the Company operates in accordance with legal obligations and the articles of association. The vice-chairman of the Supervisory Board, or, if no such person has been designated, one of the other supervisory directors, will replace the chairman as required. The vice-chairman will also serve as contact for individual supervisory directors and managing directors in matters regarding the functioning of the chairman.

A delegated Supervisory Board member is a Supervisory Board member who has a special task. The delegation may not extend beyond the responsibilities of the Supervisory Board itself and may not include the management of the Company. A Supervisory Board member who temporarily takes on the management of the Company, where the Board of Management members are absent or unable to fulfil their duties, should resign from the Supervisory Board.

The annual statements of the Company include a report by the Supervisory Board. In this report, the Supervisory Board renders account of the supervision conducted in the past financial year.

### **2.4.1 – 2.4.9 Decision making and functioning**

The Board of Management and the Supervisory Board ensure that decisions are made in a balanced and effective manner whilst taking account of the interests of stakeholders. The Board of Management ensures that information is provided in a timely and sound manner. The Board of Management and the Supervisory Board keep their knowledge and skills up to date and spend sufficient time on their duties and responsibilities. They should ensure that, in performing their duties, they have the information that is required for effective decision-making.

The chairman of the Supervisory Board should act on behalf of the Supervisory Board as the main contact for the Board of Management.

The Board of Management and the Supervisory Board should each conduct an annual review for their own organ to identify any aspects with regard to which the Supervisory Board members and Board of Management members require training or education.

### **2.5.1 – 2.5.5 Culture**

The Board of Management is responsible for creating a culture aimed at long-term value creation for the Company and its affiliated enterprise. The Supervisory Board should supervise the activities of the Board of Management in this regard. The Board of Management has generated a code of conduct and monitor its effectiveness and compliance with this code, both on the part of itself and of the employees of the Company.

### **2.6.1 – 2.6.4 Misconduct and irregularities**

The Board of Management and the Supervisory Board should be alert to indications of actual or suspected misconduct or irregularities. The Board of Management should establish a procedure for reporting actual or suspicion of misconduct or irregularities, and take appropriate follow-up action on the basis of these reports. The Supervisory Board monitors the Board of Management in this.

The Board of Management should establish a procedure for reporting actual or suspected misconduct or irregularities within the Company and its affiliated enterprise. The Board of Management should ensure that employees have the opportunity to file such a report without jeopardizing their legal position.

The Board of Management should inform the chairman of the Supervisory Board without delay of any signs of actual or suspected material misconduct or irregularities within the Company and its affiliated enterprise.

The external auditor should inform the Board of Management and the chairman of the Supervisory Board without delay if, during the performance of his duties, he discovers or suspects an instance of misconduct or irregularity. If the actual or suspected misconduct or irregularity pertains to the functioning of one or more Board of Management members, the external auditor should report this directly to the chairman of the Supervisory Board.

### **2.7.1 – 2.7.6 Preventing conflicts of interest**

Any form of conflict of interest between the Company and the members of its Board of Management or Supervisory Board should be prevented. To avoid conflicts of interest, adequate measures should be taken. The Supervisory Board is responsible for the decision-making on dealing with conflicts of interest regarding Board of Management members, Supervisory Board members and majority shareholders in relation to the Company.

All transactions in which there are conflicts of interest with Board of Management members or Supervisory Board members should be agreed on terms that are customary in the market. Decisions to enter into transactions in which there are conflicts of interest with Board of Management members or Supervisory Board members that are of material significance to the Company and/or to the relevant Board of Management members or Supervisory Board members should require the approval of the Supervisory Board. All transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the Company should be agreed on terms that are customary in the market.

The Company should not grant its Board of Management members and Supervisory Board members any personal loans, guarantees or the like.

### **2.8.1 – 2.8.3 Takeover situations**

In the event of a takeover bid for the Company's shares or for the depository receipts for the Company's shares, in the event of a private bid for a business unit or a participating interest, where the value of the bid exceeds the threshold referred to in Section 2:107a(1)(c) of the Dutch Civil Code, and/or in the event of other substantial changes in the structure of the organization, both the Board of Management and the Supervisory Board should ensure that the stakeholder interests concerned are carefully weighed and any conflict of interest for Supervisory Board members or Board of Management members is avoided. The Board of Management and the Supervisory Board should be guided in their actions by the interests of the Company and its affiliated enterprise.

## **Chapter 3. Remuneration**

### **3.1.1 – 3.1.3 Remuneration policy – Board of Management**

The remuneration policy applicable to Board of Management members should be clear and understandable, should focus on long-term value creation for the Company and its affiliated enterprise, and take into account the internal pay ratios within the enterprise. The remuneration policy should not encourage Board of Management members to act in their own interest, nor to take risks that are not in keeping with the strategy formulated and the risk appetite that has been established. The Supervisory Board is responsible for formulating the remuneration policy and its implementation.

RoodMicrotec does not have a separate remuneration committee due to the size of the Company. The functions of the remuneration committee is handled by the Supervisory Board.

The remuneration of the Board of Management consists of a fixed salary plus a variable part. There is a balance between a fixed and variable part of the compensation. The calculation is transparent. The achievement of the targets by the Board of Management will be evaluated every twelve months and new targets will be set. The targets for the Board of Management are not described in the annual accounts due to competitive reasons. Company objectives are described in this report.

Regarding ownership and transactions of shares by board members, other than those issued by the Company itself, the Supervisory Board has resolved to deviate from the Code. Board of Management members are not permitted to hold direct or indirect interests amounting to more than 5% in other listed companies or companies in the semiconductor industry, unless the Supervisory Board has granted specific permission. Furthermore, Board of Management members must report changes in shareholdings in other listed or semiconductor companies to the chairman of the Supervisory Board.

### **3.2.1 – 3.2.3 Determination of Board of Management remuneration**

The Supervisory Board should determine the remuneration of the individual members of the Board of Management, within the limits of the remuneration policy adopted by the general meeting.

The employment of the Board of Management members may be terminated by giving six months' notice in writing before the end of each calendar month. In case of termination from RoodMicrotec the Board of Management member is entitled to a severance pay equal to 100% of total annual gross salary.

### **3.3.1 – 3.3.3 Remuneration – Supervisory Board**

The Supervisory Board should submit a clear and understandable proposal for its own appropriate remuneration to the general meeting. The remuneration of Supervisory Board members should promote an adequate performance of their role and should not be dependent on the results of the Company.

The remuneration of the Supervisory Board members should reflect the time spent and the responsibilities of their role. Supervisory board members may not be awarded remuneration in the form of shares and/or rights to shares. Shares held by a Supervisory Board member in the Company on whose Supervisory Board they serve should be long-term investments.

In deviation from the Code, it has been determined that no member of the Supervisory Board will be permitted to hold direct or indirect interests of more than 5% in the share capital of other listed companies or companies in the semiconductor industry. Furthermore, supervisory directors must report changes in shareholdings in other listed or semiconductor companies to the chairman of the Supervisory Board.

RoodMicrotec has not provided any personal loans or guarantees to members of the Supervisory Board.

### **3.4.1 – 3.4.2 Accountability for implementation of remuneration policy**

In the remuneration report, the Supervisory Board should render account of the implementation of the remuneration policy in a transparent manner. The main elements of the agreement of a Board of Management member with the Company should be published on the Company's website in a transparent overview after the agreement has been concluded, and in any event no later than the date of the notice calling the general meeting where the appointment of the Board of Management member will be proposed.

## **Chapter 4. The general meeting**

### **4.1.1 – 4.1.10 The general meeting**

The general meeting should be able to exert such influence on the policies of the Board of Management and the Supervisory Board of the Company that it plays a fully-fledged role in the system of checks and balances in the Company. Good corporate governance requires the fully-fledged participation of shareholders in the decision-making in the general meeting.

The chairman of the general meeting is responsible for ensuring the proper conduct of business at meetings in order to promote a meaningful discussion at the meeting. The agenda of the general meeting should list which items are up for discussion and which items are to be voted on. The following items should be dealt with as separate agenda items:

- material changes to the articles of association;
- proposals relating to the appointment of Board of Management and Supervisory Board members;
- the policy of the Company on additions to reserves and on dividends;
- any proposal to pay out dividend;
- resolutions to approve the management conducted by the Board of Management (discharge of Board of Management members from liability);
- resolutions to approve the supervision exercised by the Supervisory Board (discharge of Supervisory Board members from liability);
- each substantial change in the corporate governance structure of the Company; and
- the appointment of the external auditor.

If a shareholder has arranged for an item to be put on the agenda, he should explain this at the meeting and, if necessary, answer questions about it. A shareholder should only exercise the right to put items on the agenda after they have consulted with the Board of Management on this. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in the Company's strategy, for example as a result

of the dismissal of one or several Board of Management or Supervisory Board members, the Board of Management should be given the opportunity to stipulate a reasonable period in which to respond.

Board of Management and Supervisory Board members nominated for appointment should attend the general meeting at which votes will be cast on their nomination.

The external auditor may be questioned by the general meeting in relation to his report on the fairness of the financial statements. The external auditor should for this purpose attend and be entitled to address this meeting.

Within three months after the general meeting the minutes of the meeting are published in concept on the website of the Company. The shareholders can react and after three months the minutes will be determined and finalized. The minutes are signed by the chairman and the secretary of the shareholders meeting. The final and signed version will be published on the Company's website and replace the concept.

#### **4.2.1 – 4.2.6 Provision of information**

The Board of Management and the Supervisory Board should ensure that the general meeting is adequately provided with information.

The Company has formulated an outline policy on bilateral contacts with the shareholders and has posted this policy on its website. Shareholders and the Company should be prepared to enter into a dialogue, where appropriate and at their own discretion. The Company is expected to facilitate the dialogue unless, in the opinion of the Board of Management, this is not in the interests of the Company and its affiliated enterprise. Shareholders are expected to be prepared to enter into a constructive dialogue with the Company.

Analyst meetings, analyst presentations, presentations to institutional or other investors and press conferences are announced in advance on the Company's website and by means of press releases.

The contacts between the Board of Management on the one hand and the press and financial analysts on the other are handled and structured carefully and with due observance of the applicable laws and regulations.

#### **4.3.1 – 4.3.6 Casting votes**

Participation of as many shareholders as possible in the general meeting's decision-making is in the interest of the Company's checks and balances. The Company should, in so far as possible, give shareholders the opportunity to vote by proxy and to communicate with all other shareholders.

Shareholders, including institutional investors (pension funds, insurance companies, investment institutions and asset managers), should exercise their voting rights on an informed basis and as they deem fit. Institutional investors that use the services of proxy advisors (i) should encourage those proxy advisors to be prepared to enter into a dialogue with the Company regarding their voting policy, voting guidelines and voting recommendations, and (ii) ensure that their votes are cast in line with their own voting policy.

RoodMicrotec does not have any financing preference shares.

#### **4.4 Recognizing the importance of Company strategy**

Shareholders, including institutional investors, recognize the importance of a strategy focused on sustainable long-term value creation for the Company and its affiliated enterprise.

#### **4.5.1 – 4.5.8 Issuing depository receipts for shares Casting votes**

Since no depository receipts for shares have been issued, this part of the Code is not applicable to RoodMicrotec.

## **Chapter 5. One-tier governance structure**

### **5.1.1 – 5.1.5 One-tier governance structure**

Since RoodMicrotec is operating a two-tier structure, this part of the Code is not applicable.

Further information and a downloadable version: [www.roodmicrotec.com](http://www.roodmicrotec.com)

## REMUNERATION REPORT

### Introduction

This Remuneration Report provides an overview of the application of the Remuneration Policy for and the components of the remuneration of the Board of Management and the Supervisory Board of RoodMicrotec N.V. ('the Company') during the financial year 2022. This Remuneration Report is drafted in accordance with article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code.

The Company has successfully attracted and retained executives who are capable of leading and overseeing the Company at all levels and the Remuneration Policy is designed to facilitate this process. The Supervisory Board oversees all remuneration decisions and determines the criteria to measure the performance of the Board of Management whereby considering the roles and responsibilities. For determining the remuneration of the Board of Management, the Supervisory Board is informed about the remuneration of the direct reports to the Board of Management including the Short-Term and Long-Term Incentive Plans applicable which are fully aligned with the performance conditions as operated under the Remuneration Policy.

As we believe that all employees are integral to our success, we are committed to fair and responsible remuneration. We therefore consider remuneration of the members of the Board of Management and the Supervisory Board in the light of the remuneration of all employees, including associated pay ratios. Our Remuneration Policy is designed to reflect our commitment to paying fairly, responsibly and transparently. The Supervisory Board undertakes to engage actively with shareholders in order to address all legitimate and reasonable objections and concerns. We invite our shareholders to engage with us regarding our policy and reporting. In implementing the Remuneration Policy, the Supervisory Board analyses the possible outcomes of its variable remuneration elements and how they may affect the total remuneration of the Board of Management. In this respect, regular scenario analyses are undertaken whereby the development of the underlying share price of the Company's shares is considered. This with due regard for the risks to which variable remuneration may expose the Company. Variable remuneration shall be linked to predetermined, assessable and influenceable targets which are predominantly of a long-term and sustainable nature and linked to the strategy, values, purpose and vision of the Company.

For 2022, the Short-Term Incentive targets comprised of:

Target	Description	% of total
Total income	Total income for the RoodMicrotec Group according to the consolidated financial statements	30%
Net profit (*)	Net profit after taxes for the RoodMicrotec Group according to the consolidated financial statements	40%
Corporate long-term strategy	Development and maintenance of a corporate long-term strategy, in cooperation with the Supervisory Board	20%
Personnel plan	Contingency and development plan - key people, retirements, new functions, succession	10%

(\*) If net profit for the year is negative, no Short-Term Incentive will be paid out.

The Company aspires to ensure that the Remuneration Policy aligns with all policies and procedures and complies with relevant laws and the Dutch Corporate Governance Code by applying high standards of corporate governance, environmental and ethical practices. Sound corporate governance is a key element of the culture, behavior and management of the Company and is consistent with the core values and purpose. For this purpose, we have defined our Code of Conduct to ensure these high standards in both the workplace and in all of our business dealings. These policies as contained in our Code of Conduct encompass human rights, health and safety, conflict minerals, anti-corruption and anti-bribery, conflict of interest, financial reporting environmental responsibility, insider trading, community initiatives, and includes a whistle-blower procedure. The underlying documentation of our full Code of Conduct is available on our corporate website. In determining the actual remuneration of the Board of Management, the Supervisory Board assesses the actual performance delivered based on its strategy in line with the Code of Conduct and considers the impact of the overall remuneration of the Board of Management on the pay differentials within the Company. When determining remuneration, the Supervisory Board also obtains the views of the members of the Board of Management relating to the level and structure of remuneration.

The Remuneration Policy for the Board of Management and the Supervisory Board has been effective as from July 23, 2020 after the approval by the Annual General Meeting of Shareholders held on that date. The Remuneration Policy will be applicable for a four-year period starting as from January 1, 2020, except in the event of material changes which will be brought to the Annual General Meeting of Shareholders for approval.

## Remuneration for Board of Management members

The total remuneration package of the members of the Board of Management is established on an annual basis by the Supervisory Board. The remuneration structure for the Board of Management consists of the following elements:

- Fixed compensation - Annual base salary;
- Short-Term Incentive - Annual cash bonus plan;
- Long-Term Incentive - Performance cash bonus plan;
- Other benefits.

The above components are regularly compared with a balanced remuneration reference group of companies selected based on industry, labor market, size and geographical spread to determine the total remuneration package for the Board of Management. When selecting reference companies the size and complexity of the Company is taken into account, including market capitalization, net revenues and total assets.

As there are insufficient comparable listed companies to benchmark with, the above components are regularly compared with a balanced remuneration reference group of comparable roles in the European Semiconductor industry. As per common practice in these companies the weight of the role (job size) is evaluated from direct responsibility factors such as annual revenue, total assets under management, the size of the organization (number of employees), the required skills to manage the complexity of the business and the risk factors. Comparable roles in companies such as Infineon, STM and NXP form the basis of this judgement. For the incentive elements of the package the factors considered are drawn from the required short-term goals to ensure the achievement of budgets and to keep the Company in good health. For the long term, to ensure the agreed strategic vision will be achieved and the shareholder interests will be met.

The composition of this remuneration reference group will be reviewed by the Supervisory Board on a regular basis and updated if necessary to ensure an appropriate composition. Any major changes to the composition of the remuneration reference group will be subject to the approval of the AGM.

In establishing the remuneration for members of the Board of Management, the Supervisory Board may consult a professional external remuneration consultant in carrying out its duties. The Supervisory Board will verify that the consultant concerned does not similarly provide advice to the Board of Management so that no conflicts of interest exist.

## Application of the Remuneration Policy in 2022

The Remuneration Policy was successfully applied by the Supervisory Board in 2022 as set forth below. The remuneration of the Board of Management consists of a basic salary and an annual bonus. The Supervisory Board determines the remuneration annually, within the framework permitted by the Remuneration Policy.

The ratio of the remuneration of the members of the Board of Management compared with the average remuneration of the other employees during 2022 is 3.8:1 (2021: 3.4:1). This ratio consists of the average remuneration of members of the Board of Management recognized by the Company in 2022 of EUR 247,000 (2021: EUR 213,000) as stated in the summary of the remuneration of the members of the Board of Management in relation to the average remuneration of all employees. The annual change in remuneration of the employees is EUR 3,000 based on a different composition of employees and regular salary reviews. This average remuneration of EUR 65,000 (2021: EUR 62,000) is comprised of wages and salaries plus bonuses of the employees divided by the average number of employees on a full-time basis. During 2022 no short-time work was performed so no correction in the average number of persons employed was done (2021: -4).

(x EUR 1,000 per FTE, except Net Profit/(Loss))	2022	2021	2020	2019	2018
Average remuneration - Board of Management	247	213	132	138	140
Average remuneration - Employees	65	62	59	57	56
Net Profit/(Loss)	2,380	1,435	-265	-73	125

(change in % compared to previous year)	2022	2021	2020	2019	2018
Board of Management	16%	61%	-4%	-1%	16%
Employees	5%	5%	4%	2%	2%

### Fixed compensation – Annual base salary

The annual base salaries for the members of the Board of Management are not subject to any automatic pay rises under a collective labor agreement. The Supervisory Board regularly reviews base salary levels of the members of the Board of Management.

### Short-Term Incentive – Annual cash bonus plan

Every year, the Supervisory Board determines a bonus arrangement for the reporting year. The bonus arrangement is contingent upon the realization of a series of predetermined quantitative performance targets (net profit must be positive for variable remuneration), total income (in the range communicated to the market), corporate long-term strategy and personnel goals), which are set by the Supervisory Board after approval of the budget for the next financial year. The bonuses awarded are recognized during the reporting year, based on the realization of the performance targets during the financial year, and are paid in cash after the financial statements have been adopted by the Annual Meeting of Shareholders.

The maximum Short-Term Incentive opportunity for the Board of Management is set at 30% of annual base salary. The targets are linked to financial objectives and personal goals. The Short-Term Incentive scheme is only effective if the net profit for the year is positive.

Evaluation of the Short-Term Incentive for 2022:

Target	Description	% of total	2022 evaluation
Total income	Total income for the RoodMicrotec Group according to the consolidated financial statements	30%	100%
Net profit (*)	Net profit after taxes for the RoodMicrotec Group according to the consolidated financial statements	40%	100%
Corporate long-term strategy	Development and maintenance of a corporate long-term strategy, in cooperation with the Supervisory Board	20%	100%
Personnel plan	Contingency and development plan - key people, retirements, new functions, succession	10%	100%

(\*) If net profit for the year is negative, no Short-Term Incentive or Long-Term Incentive will be paid out.

### Long-Term Incentive – Performance cash bonus plan

The Board of Management is entitled to receive a long-term bonus payable in cash. The objective is to incentivize shareholder value creation. Normally, share options, performance shares or other share-based payment instruments would be more customary for this objective. However, given the small size of the Company and the low price of its shares, the Supervisory Board has decided to avoid the complexity of these type of instruments

(only to be used for a limited number of officers at the Company), which also bring additional expenses (e.g. for fair value reports) to the Company, and simplify the long-term incentive compared to the remuneration policy in previous years by applying a performance cash bonus plan. In line with Dutch law, the Long-Term Incentive components for the members of the Board of Management are subject to claw back provisions and ultimate remedy clauses. During 2021 no circumstances have been identified by the Supervisory Board that result in any adjustments or claw back relating to option rights granted in previous years.

At the end of the four-year service agreement term (for Mr. O.M. Sallenhag 2020 to 2023 and for Mr. A. Ladega 2019 to 2022), 7% of the accumulated net profit (after current tax) for the last four years will be paid out to the Board of Management (5% for the CEO and 2% for the CFO).

### Other benefits

Other benefits include monthly expense compensation such as lease car, costs allowance and social security contributions.

### Total remuneration for Board of Management

Remuneration of the Board of Management recognized by the Company for the financial years ended December 31, 2022 and 2021 was as follows:

(x EUR 1,000)	Fixed compensation		Short-Term Incentive		Long-Term Incentive (accrual)		Other benefits		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Mr. O.M. Sallenhag	150	150	45	45	81	23	6	6	282	224
Mr. A. Ladega	132	132	40	40	32	8	7	22	211	202
<b>Total</b>	<b>282</b>	<b>282</b>	<b>85</b>	<b>85</b>	<b>113</b>	<b>31</b>	<b>13</b>	<b>28</b>	<b>493</b>	<b>426</b>

The Fixed compensation for Mr. O.M. Sallenhag was 53% of the total remuneration (2021: 67%). The Fixed compensation for Mr. A. Ladega was 63% of the total remuneration (2021: 65%).

Short-Term Incentive has been rewarded according the evaluation of the targets and an accrual for Long-Term Incentive has been done for the Board of Management for the financial year 2022.

At the end of 2022, Mr. O.M. Sallenhag holds 485,000 shares in the capital of the Company, see note 22 to the Consolidated Financial Statements on page 98.

At the end of 2022, Mr. A. Ladega holds 226,000 shares the capital of the Company, see note 22 to the Consolidated Financial Statements on page 98.

During 2021 the Board of Management decided to participate in the refinancing of the bond loan to show its confidence in the Company's business plans and future projects. Mr. O.M. Sallenhag participates with EUR 60,000 and Mr. A. Ladega participates with EUR 15,000, both are entitled to 6.75% interest p.a.

At the end of 2022, no other loans, advances or guarantees were outstanding for each of the members of the Board of Management.

## Remuneration for Supervisory Board members

The Remuneration Policy for the Supervisory Board has been effective as from July 23, 2020, after the approval by the Annual General Meeting of Shareholders held on that date. The Supervisory Board members are entitled to a fixed based fee for membership of the Supervisory Board. The compensation is regularly assessed against Dutch market levels. The benchmark is based on AScX companies listed on Euronext Amsterdam by comparing fixed compensation levels at median level. Supervisory Board members are not entitled to any performance or equity related compensation and are not entitled to any pension allowance or contribution. This compensation structure is designed to ensure the independence of the Supervisory Board members and the effectiveness from a corporate governance perspective. The Supervisory Board will present any proposed changes to the fees or the compensation elements to the Annual General Meeting of Shareholders for approval.

Remuneration of the Supervisory Board recognized by the Company for the years ended December 31, 2022 and 2021 was as follows:

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Mr. R.J.W.M van der Linden	9 <sup>1</sup>	— <sup>2</sup>
Mr. M.E.T. Verstraeten	12	12
Mr. V.G. Tee	6 <sup>3</sup>	15
<b>Total</b>	<b>27</b>	<b>27</b>

At the end of 2022, no loans, advances or guarantees were outstanding for each of the members of the Supervisory Board.

At the end of 2022, the members of the Supervisory Board did hold neither any shares in the Company, nor any options, warrants or any other rights on shares in the capital of Company.

All cash remuneration is fixed and the members of the Supervisory Board are not entitled to any performance or equity related compensation and are not entitled to any pension allowance or contribution.

Deventer, April 19, 2023

### Supervisory Board

R.J.W.M. van der Linden, Chairman

M.E.T. Verstraeten

<sup>1</sup> From June till December

<sup>2</sup> Mr. van der Linden decided to waive his entitlement to 2021 remuneration in the amount of EUR 6,700 since the COVID-19 pandemic and other restrictions prevented him to actively take on his duties as a member of the Supervisory Board in the year 2021 after his appointment by the Annual General Meeting of Shareholders held on June 10, 2021.

<sup>3</sup> From January till May

## MANAGEMENT STATEMENT

### Corporate governance statement

This is a statement concerning corporate governance as referred to in article 2a of the Decree on additional requirements for annual reports. This statement forms part of RoodMicrotec's Annual Report 2022.

The information required to be included in this corporate governance statement as described in Articles 3, 3a and 3b of the Decree can be found in the chapters, sections and pages of RoodMicrotec's Annual Report 2022 and are deemed to be included and repeated in this statement:

- the information concerning compliance with the Dutch Corporate Governance Code, as required by article 3 of the Decree, can be found in the chapter on 'Corporate Governance';
- the information concerning RoodMicrotec's main features of the internal risk management and control systems relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the chapter on 'Risk and Risk Management';
- the information regarding the functioning of RoodMicrotec's general meeting, and the authority and rights of RoodMicrotec's shareholders and holders of certificates of shares, as required by article 3a sub b of the Decree, can be found in the chapter on 'Corporate Governance';
- the information regarding the composition and functioning of RoodMicrotec's Board of Management, the Supervisory Board and its committees, as required by article 3a sub c of the Decree, can be found in the relevant sections of the chapter on 'Corporate Governance', the chapter 'Diversity and inclusion', the 'Report of the Board of Management' and the 'Report of the Supervisory Board';
- the information concerning the inclusion of the information required by the decree article 10 EU Takeover Directive, as required by article 3b of the Decree, can be found in the chapter on 'Corporate Governance'.

### Declaration by the Board of Management

In line with best practice 1.4.3 of the Dutch Corporate Governance Code, the Board of Management hereby makes the following declaration:

The Board of Management is responsible for establishing adequate internal risk management and control systems and the Board of Management is of the opinion that the systems functioned properly in the reporting year, and that they provide a reasonable level of assurance that the financial reporting is free from material misstatements. This report includes those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after preparation of the report. In the light of the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis.

For more information, reference is made to the 'Risk and Risk Management' chapter. In addition to this the members of the Board of Management, as required by section 5:25c, paragraph 2, under c of the Dutch act on Financial Supervision, confirm that to the best of their knowledge:

- The 2022 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position, cash flows and profit or loss of RoodMicrotec N.V. and the companies included in the consolidation.
- The Report of the Board of Management included in this Annual Report gives a true and fair view on the situation on the balance sheet date and of developments during the financial year of RoodMicrotec N.V. and the group companies included in the consolidation.
- The Report of the Board of Management includes a description of the principal risks and uncertainties that RoodMicrotec N.V. faces.

The members of the Supervisory Board and the Board of Management have signed the financial statements within the meaning of section 2:361 of the Dutch Civil Code.

Deventer, April 19, 2023

#### Board of Management

O.M. Sallenhag, CEO

A. Ladega, CFO

#### Supervisory Board

R.J.W.M. van der Linden, Chairman

M.E.T. Verstraeten

## FINANCIAL STATEMENTS

### A. CONSOLIDATED FINANCIAL STATEMENTS

#### Consolidated Statement of Profit or Loss

(x EUR 1,000)	Notes	2022	2021
Net sales	1	16,470	14,274
Other income	2	78	258
<b>Total income</b>		<b>16,548</b>	<b>14,532</b>
Raw materials and consumables		-2,717	-2,634
Personnel expenses	3	-7,534	-6,782
Other expenses, other than depreciation and amortization	4	-2,399	-2,330
EBITDA <sup>1</sup>		3,898	2,786
Depreciation and amortization	5	-1,447	-1,559
Result from operating activities (EBIT) <sup>2</sup>		2,451	1,227
Financial income	6	8	—
Financial expenses	6	-188	-189
<b>Profit (loss) before taxes</b>		<b>2,271</b>	<b>1,038</b>
Taxes	7	109	397
<b>Net profit (loss)</b>		<b>2,380</b>	<b>1,435</b>
<b>Net profit (loss) attributable to:</b>			
Equity holders of the parent		2,380	1,435
Non-controlling interests		—	—
<b>Net profit (loss)</b>		<b>2,380</b>	<b>1,435</b>
<b>Earnings per share</b>			
Basic	16	0.03	0.02
Diluted	16	0.03	0.02

The numbers following the various items refer to the notes on pages 65 to 99.

<sup>1</sup> EBITDA is a non-gaap measure and defined as Earnings Before Interest, Taxes, Depreciation and Amortization. Interest includes other finance costs.

<sup>2</sup> EBIT is a non-gaap measure and defined as Earnings Before Interest and Taxes. Interest includes other finance costs.

**Consolidated Statement of Comprehensive Income**

<b>(x EUR 1,000)</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
Net profit (loss)		2,380	1,435
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit obligations	18	445	209
Tax implication <sup>1</sup>	7, 11	-129	-61
<b>Total other comprehensive income</b>		<b>316</b>	<b>148</b>
<b>Total comprehensive income</b>		<b>2,696</b>	<b>1,583</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		2,696	1,583
Non-controlling interests		—	—
<b>Total comprehensive income</b>		<b>2,696</b>	<b>1,583</b>

The numbers following the various items refer to the notes on pages 65 to 99.

<sup>1</sup> The Group has elected to present individual components of OCI before related tax with an aggregate amount presented for tax in the consolidated statement of profit or loss and the consolidated statement of comprehensive income, and has provided disclosures related to tax on each component of OCI in note 11 'Deferred tax assets and liabilities'.

**Consolidated Statement of Financial Position**

As of December 31

(x EUR 1,000)	Notes	2022	2021 <sup>1</sup>
<b>Assets</b>			
Property, plant and equipment	8	6,385	5,688
Right-of-use assets	9	350	458
Intangible assets	10	2,030	2,149
Deferred tax assets <sup>1</sup>	11	2,092	1,995
<b>Non-current assets</b>		<b>10,857</b>	<b>10,290</b>
Inventories	12	86	98
Contract assets	13	464	341
Trade and other receivables	14	2,108	1,727
Cash and cash equivalents		3,682	2,558
<b>Current assets</b>		<b>6,340</b>	<b>4,724</b>
<b>Total assets</b>		<b>17,197</b>	<b>15,014</b>
<b>Equity and liabilities</b>			
Issued share capital		8,259	8,259
Share premium		20,725	20,725
Revaluation reserve		1,759	1,853
Other reserve		120	120
Retained earnings		-25,007	-27,868
Equity, attributable to equity holders of the parent	15	5,856	3,089
Non-controlling interests		1,994	2,494
<b>Total equity</b>	15	<b>7,850</b>	<b>5,583</b>
Loans and borrowings	17	2,525	2,470
Lease liabilities	9	80	220
Defined benefit obligation	18	3,854	4,553
Provisions	19	155	78
Deferred tax liabilities <sup>1</sup>	11	14	19
<b>Non-current liabilities</b>		<b>6,628</b>	<b>7,340</b>
Lease liabilities	9	272	242
Trade and other payables	20	2,250	1,824
Income tax payable	7	197	25
<b>Current liabilities</b>		<b>2,719</b>	<b>2,091</b>
<b>Total equity and liabilities</b>		<b>17,197</b>	<b>15,014</b>

The numbers following the various items refer to the notes on pages 54 to 99.

<sup>1</sup> Deferred tax liabilities amounting to EUR 19 thousand were reclassified from deferred tax assets to deferred tax liabilities at December 31, 2021

**Consolidated Statement of Changes in Equity**

(x EUR 1,000)	Number of shares x1,000	Issued share capital	Share premium	Revaluation reserve	Other reserve	Retained earnings	Equity attributable to parent	Non- controlling interests	Total Equity
<b>Balance at January 1, 2021</b>	<b>74,896</b>	<b>8,239</b>	<b>20,709</b>	<b>1,985</b>	—	<b>-29,583</b>	<b>1,350</b>	<b>2,494</b>	<b>3,844</b>
Issuance of shares	—	—	—	—	—	—	—	—	—
Issuance of stock warrants	—	—	—	—	120	—	120	—	<b>120</b>
Share options exercised	180	20	16	—	—	—	36	—	<b>36</b>
<b>Transactions with equity holders of the Company</b>	<b>75,076</b>	<b>8,259</b>	<b>20,725</b>	<b>1,985</b>	<b>120</b>	<b>-29,583</b>	<b>1,506</b>	<b>2,494</b>	<b>4,000</b>
Net profit (loss)	—	—	—	—	—	1,435	1,435	—	<b>1,435</b>
<b>Other comprehensive income:</b>									
Remeasurement of defined benefit obligation	—	—	—	—	—	148	148	—	<b>148</b>
Revaluation of land and buildings	—	—	—	-132	—	132	—	—	—
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-132</b>	<b>—</b>	<b>1,715</b>	<b>1,583</b>	<b>—</b>	<b>1,583</b>
<b>Balance at December 31, 2021</b>	<b>75,076</b>	<b>8,259</b>	<b>20,725</b>	<b>1,853</b>	<b>120</b>	<b>-27,868</b>	<b>3,089</b>	<b>2,494</b>	<b>5,583</b>
<b>Balance at January 1, 2022</b>	<b>75,076</b>	<b>8,259</b>	<b>20,725</b>	<b>1,853</b>	<b>120</b>	<b>-27,868</b>	<b>3,089</b>	<b>2,494</b>	<b>5,583</b>
Issuance of shares	—	—	—	—	—	—	—	—	—
<b>Transactions with equity holders of the Company</b>	<b>75,076</b>	<b>8,259</b>	<b>20,725</b>	<b>1,853</b>	<b>120</b>	<b>-27,868</b>	<b>3,089</b>	<b>2,494</b>	<b>5,583</b>
Redemption perpetual bond <sup>1</sup>	—	—	—	—	—	—	—	-500	<b>-500</b>
Gain on redemption perpetual bond net of tax effect <sup>1</sup>	—	—	—	—	—	71	71	—	<b>71</b>
<b>Changes in ownership interests</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>71</b>	<b>71</b>	<b>-500</b>	<b>-429</b>
Net profit (loss)	—	—	—	—	—	2,380	2,380	—	<b>2,380</b>
<b>Other comprehensive income:</b>									
Remeasurement of defined benefit obligation	—	—	—	—	—	316	316	—	<b>316</b>
Revaluation of land and buildings	—	—	—	-94	—	94	—	—	—
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-94</b>	<b>—</b>	<b>2,790</b>	<b>2,696</b>	<b>—</b>	<b>2,696</b>
<b>Balance at December 31, 2022</b>	<b>75,076</b>	<b>8,259</b>	<b>20,725</b>	<b>1,759</b>	<b>120</b>	<b>-25,007</b>	<b>5,856</b>	<b>1,994</b>	<b>7,850</b>

<sup>1</sup> For further information, reference is made to note 15 'Share Capital', non-controlling interests

**Consolidated Cash Flow Statement**

<b>(x EUR 1,000)</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
Net profit (loss) for the year		2,380	1,435
Adjustments for:			
– Depreciation and amortization	5	1,447	1,559
– Net financial (income) expenses	6	180	189
– Tax expenses	7	-109	-397
– Movements in net defined benefit obligations	18	-254	-223
– Movements in provisions	19	77	18
		3,721	2,581
Changes in working capital:			
– Inventories	12	12	-29
– Contract assets	13	-123	222
– Trade and other receivables	14	-381	-186
– Trade and other payables	20	425	-403
<b>Cash generated from operating activities</b>		<b>3,654</b>	<b>2,185</b>
Interest paid	6	-123	-136
Income tax refund (paid)	7	22	–
<b>Net cash from operating activities</b>		<b>3,553</b>	<b>2,049</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	8	-1,741	-557
Investments in intangible assets	10	-2	-124
Divestment of intangible assets	10	–	8
<b>Net cash from investing activities</b>		<b>-1,743</b>	<b>-673</b>
<b>Cash flows from financing activities</b>			
Redemption of perpetual bond	15	-400	–
Proceeds from exercise of options		–	36
Proceeds from borrowings	17	–	892
Cash outflow loan issuance costs	17	–	-27
Payment of lease liabilities	9	-286	-278
Repayment of borrowings	17	–	-792
<b>Net cash flow from financing activities</b>		<b>-686</b>	<b>-169</b>
<b>Net cash flow</b>		<b>1,124</b>	<b>1,207</b>
Cash and cash equivalents less bank overdrafts:			
– at January 1		2,558	1,351
– at December 31		3,682	2,558
<b>Net cash flow</b>		<b>1,124</b>	<b>1,207</b>

The numbers following the various items refer to the notes on pages 65 to 99.

## B. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### General information

RoodMicrotec N.V. ('the Company') is a public limited liability company, was incorporated in 1986 in the Netherlands and has its registered office at Zutphenseweg 29 D1, in Deventer, the Netherlands, under Trade Register number 33251008. The consolidated financial statements of the Company for the year ended December 31, 2022 comprises the Company and its subsidiaries (jointly referred to as 'the Group'). The Group is active in the semiconductor and electronics industry. The Group provides supply chain services, wafer & component testing, qualification & reliability investigations and failure analysis for companies that need application-specific integrated circuits (ASICs).

The Group includes the following wholly owned subsidiaries:

- RoodMicrotec GmbH (Nördlingen, Germany);
- RoodMicrotec International B.V. (Zwolle, the Netherlands).

The German subsidiary included in the Group's consolidated financial statements made use of the exemption provisions of section 264 (3) HGB in the 2022 financial year.

RoodMicrotec N.V. shares have been listed on the Euronext Amsterdam stock exchange since 1986.

### Summary of significant accounting policies

The principal accounting policies used in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

### Basis of preparation

#### *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the provisions of Article 362 sub 8, Part 9, Book 2, of the Dutch Civil Code.

The consolidated financial statements were authorized for issue by the Board of Management on April 19, 2023.

#### *Basis of measurement*

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise indicated.

The consolidated financial statements are presented in euros ('EUR') and all values are rounded to the nearest thousand, except when otherwise indicated.

### Use of judgements and estimates

The preparation of the consolidated financial statements in accordance with EU-IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the result of which form the basis for making judgments about the carrying values of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions of accounting estimates are recognized prospectively. Information about assumptions and estimation uncertainties at December 31, 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- the valuation of land and building: the valuation is based on a market valuation of land and rental value in combination with the technical life of the building (see note 8 'Property, plant and equipment');
- the recognition of deferred tax assets: deferred tax assets relating to tax losses carried forward are recognized to the extent that taxable profits will be available against which the losses can be offset. Determination of the amount of deferred tax assets that can be recognized requires significant management judgement based on the probable timing and level of future taxable profits. (see note 11 'Deferred tax assets and liabilities');
- the impairment test of goodwill: the impairment test of goodwill includes relevant key assumptions such as the WACC and the sales growth rate (see note 10 'Intangible assets');

- the determination of lease term for some lease contracts in which the Group is a lessee, including whether the Company is reasonably certain to exercise lessee options (see note 9 'Right-of-use assets');
- the measurement of defined benefit obligations: key actuarial assumptions; (see note 18 'Defined benefit obligations').

### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is disclosed in the applicable notes.

### Going concern basis of accounting

RoodMicrotec's revenue and result developed positively in 2022 and also its liquidity position. For the year ended December 31, 2022, the Group recognized a net profit of EUR 2,380 thousand and a cash position at December 31, 2022 was EUR 3,682 thousand.

RoodMicrotec will continue to monitor the latest developments in the worldwide supply situation and the Ukraine war closely and take measures when we deem this necessary. Based on the developments in 2022 and the current outlook for 2023, we expect the aforementioned factors to have a limited impact on business. Based on the current developments, we have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting is appropriate.

### Changes in accounting policies

During the current financial year, the Group applied new and amended IFRS standards and IFRIC interpretations that are relevant to its operations and effective for the accounting year starting on the January 1, 2022.

The following amendments to standards are mandatory for the first time for the financial year beginning January 1, 2022 and have been endorsed by the European Union:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective January 1, 2022). The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.
  - Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
  - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.
  - Annual Improvements 2018–2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

These new and amended standards did not have a material impact on the Group's financial statements.

The following new standards and amendments have been issued, are not mandatory for the first time for the financial year beginning January 1, 2022 but have been endorsed by the European Union:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective January 1, 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted (subject to any local endorsement process).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective January 1, 2023). The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted (subject to any local endorsement process).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective January 1, 2023). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
- Amendments to IFRS 17 Insurance contracts: initial Application of IFRS 17 and IFRS 9 — Comparative information (issued on December 9, 2021, effective January 1, 2023). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The Group elected not to adopt early these new and amended standards, which have been issued but are not yet effective as per December 31, 2022. The Group does not currently expect that these new and amended standards have a material impact on its financial statements.

### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and all subsidiaries that the Company controls, i.e. when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The existence and effect of potential voting rights are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated in the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### **Foreign currency translation**

#### *Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is the Group's functional and presentation currency.

#### *Transaction and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss.

## Property, plant and equipment

### *Assets in ownership*

Property, plant and equipment are stated at cost, except for land and buildings which are carried at fair value based on periodic valuations by an external independent valuator, less subsequent depreciation. The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of directly allocated overheads. Property that is under construction or being developed for future use is classified as property, plant and equipment and stated at cost until construction or development are complete.

Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items of property, plant and equipment.

Increases in the carrying amount arising from revaluation of land and buildings are credited to the revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the consolidated statement of profit or loss. Each year the difference between depreciation based on the revaluated carrying amount of the asset charged to the consolidated statement of profit or loss and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

### *Subsequent cost*

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in the consolidated statement of profit or loss as an expense as incurred.

### *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life. Land is not depreciated. The useful economical life of the different categories is set out below:

<b>Category</b>	<b>Years</b>
Buildings	17
Machinery and equipment	2-10
Other fixed assets	3-10

The asset's residual value, depreciation method and useful life are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Group obtains substantially all the economic benefits from use of the asset; and
- The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are predetermined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRS's rather than IFRS 16.

The majority of the Group's accounting policies for leases are set out in note 9.

The lease portfolio of the Group contains rental offices and other leases. The 'other leases' category covers company-leased vehicles, IT equipment and office equipment. When entering into a new contract, the Group assesses whether or not it can be considered to be a lease based on the economic benefits ensuing from the use of the assets and the control over the use of the asset. The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Except for leases with a lease term of up to 12 months and low-value leases, for which practical exceptions have been applied.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the projected service life of the asset is shorter. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Non-lease components are included in the calculation of the lease liability. Lease liabilities are presented separately in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The lease liability is revalued upon indexation or modification of the lease contract, upon termination of the lease or upon renewal of the lease. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Cash flows from lease installment payments for right-of-use assets are part of cash flows from financing activities, while cash flows relating to leases with a term of up to 12 months, low-value leases and non-lease components are recognized under cash flows from operating activities.

## **Intangible assets**

### *Goodwill*

Acquisition of businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition related costs are recognized in the consolidated statement of profit or loss as incurred. Goodwill is carried at cost less accumulated impairment losses.

Goodwill on acquisitions is tested annually for impairment. Goodwill is allocated to the cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. An impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. The recoverable amount is the higher of the fair value less costs of disposal and value in use. If the carrying amount of the cash-generating unit exceeds the recoverable amount of this cash-generating unit, the goodwill is impaired accordingly. Impairment of goodwill is not reversed if the recoverable amount increases at a later date.

### *Development expenditure*

Expenditure on activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding (research activities) is recognized as an expense in the period in which it is incurred. An intangible asset arising from the Group's development is recognized if, and only if, all of the following conditions are met:

- the asset is uniquely identified, and the costs can be determined separately; and
- the technical feasibility of the asset has been sufficiently demonstrated; and
- it is probable that the asset will generate future economic benefits; and
- the development cost can be measured reliably.

### *Other intangibles*

Other intangible assets are measured at cost less accumulated amortization and impairment losses.

### *Amortization*

Amortization is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. Development expenditure and other intangibles are amortized from the date when used over the estimated economic useful life, which is expected to be three to five years.

Goodwill is not amortized, and instead tested annually for impairment.

## **Financial instruments**

### *Financial assets*

Financial instruments include the following financial assets: trade and other receivables and cash and cash equivalents. The Group classifies financial assets into those measured at amortized cost and those measured at fair value.

### *Financial assets – recognition and derecognition*

The Group initially recognizes financial assets at amortized cost issued on the date when they are originated. All other financial assets are initially recognized on the trade date when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

### *Financial assets at amortized cost*

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less loss allowances.

### *Financial assets at fair value through profit or loss*

A financial asset is classified as at 'fair value through profit or loss' if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in the consolidated statement of profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein taking into account any loss allowances, interest or dividend income, are recognized in the consolidated statement of profit or loss.

### *Impairment of financial assets*

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Financial assets are measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

A loss allowance for full lifetime expected credit losses is used for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

The loss allowance for financial instruments is measured at an amount equal to lifetime expected losses if the credit risk of a financial instrument has increased significantly since initial recognition, unless the credit risk of the financial instrument is low at the reporting date in which case it can be assumed that credit risk on the financial instrument has not increased significantly since initial recognition. The credit risk is considered low if there is a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. It is rebuttable presumed the credit risk has increased significantly when contractual payments are more than 30 days past due. If a significant increase in

credit risk that had taken place since initial recognition and has reversed by a subsequent reporting period (cumulatively credit risk is not significantly higher than at initial recognition) then the expected credit losses on the financial instrument revert to being measured based on an amount equal to the 12-month expected credit losses.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The loss allowance is determined based on historical data of credit losses and updated periodically to incorporate forward looking information.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

#### *Financial liabilities*

Financial instruments include the following financial liabilities: loans and borrowings and trade and other payables. The Group classifies financial liabilities into those measured at amortized cost and those measured at fair value through profit or loss.

#### *Financial liabilities – recognition and derecognition*

Financial liabilities are initially recognized on the trade date when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

#### *Financial liabilities – measurement*

Financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

#### *Netting of financial instruments*

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statement of financial position if, and only if, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### **Inventories**

Inventories consists of raw materials and consumables and are measured at the lower of costs and net realizable value. The cost of inventories comprise all costs of purchase on a first-in/first-out basis. Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to make the sale.

### **Contract assets**

Contract assets relate to the Group's right to reimbursement for work completed for products made to order, which has not been invoiced on the reporting date. The contract assets are reclassified as trade receivables when the right becomes unconditional. In general this occurs when the Group sends an invoice to the customer.

### **Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position consists of bank balances and cash. Cash and cash equivalents that are not readily available to the Group within 12 months are presented under financial assets.

### **Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is calculated.

Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of

other assets or cash-generating units (CGU). Goodwill arising from a business combination is allocated to CGU or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss.

## **Share capital**

### *Shares*

Shares are classified as equity. The Company's Articles of Association do not distinguish ordinary and preference shares. The Company has no preference shares authorized or issued. All shares authorized and issued should therefore be considered 'ordinary' shares.

### *Share premium*

The share premium is the consideration paid for shares in excess of the nominal value.

### *Dividends*

Dividends are recognized as a liability in the period in which they are declared by the shareholders.

### *Non-controlling interests*

Non-controlling interests consist of a perpetual bond and is classified as equity at its nominal value. A perpetual bond is measured and recognized in equity when certain conditions are jointly met. These include, but are not limited to, the fact that the perpetual bond has no final maturity date, that investors have no rights of termination, and that distributions are made at RoodMicrotec's discretion. In this case, gains, discounts, transaction costs, tax effects and the compensation are deducted directly from non-controlling interest.

## **Employee benefits**

### *Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in current and prior periods; discounting that amount and deducting the fair value of any plan assets. The discount rate is the yield at balance sheet date on high-quality corporate or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by qualified actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of profit or loss.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

*Profit-sharing and bonus plans*

The Group recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's equity holders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**Provisions**

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation arising from a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material and a reliable estimate can be made of the amount of the obligation, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Trade and other payables**

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**Revenue from contracts with customers**

The Group's revenue from contracts with customers is measured at the fair value of the consideration received or receivable and represents the amounts for services provided and serviced products delivered in the course of business during the current year, net of all related discounts and sales taxes. The Group provides quality services and delivers serviced products (chips and packaged devices) in the semiconductor industry through their operational units Test Operations, Supply Chain Management and Qualification & Failure Analysis. The Group's customers consist of Fabless Companies, OEMs and other companies in the automotive, telecommunications, medical, industrial and electronic sectors. In addition, the Group is participating in publicly funded projects.

The characteristics of revenue recognition in Test Operations is generally based on the services performed to the customers for the actual number of pieces tested and based on fixed prices per tested piece.

The characteristics of the projects in Supply Chain Management include a life cycle of 1-3 months to several years, whereby the development phase, if applicable, takes between 1 to 2 years, followed by the series delivery. Prices in the development phase are generally based on services performed based on actual hours spent. Prices for the series delivery are generally based on fixed prices per piece.

The characteristics of revenue recognition in Qualification & Failure Analysis is generally based on the services performed to the customers based on the actual hours spent of the personnel and machines involved.

Revenue is recognized when a performance obligation is satisfied, in accordance with the terms of the contractual agreement. Typically, performance obligations are satisfied over time as services are rendered. Revenue recognized over time is based on the proportion of level of service performed.

The payment terms are based on general terms and conditions. The Group has neither specific obligations for returns or refunds, nor specific warranties nor other related obligations.

*Performance obligations and timing of revenue recognition*

The Group determines at contract inception whether each performance obligation will be satisfied (that is, control will be transferred) over time or at a point in time. The Group satisfies a performance obligation and recognizes revenue over time, when the asset has no alternative use to the Group and the Group is entitled to an enforceable right to payment for performance-to-date. The asset for each project is produced to a customer's specification and the asset can only be used by the specific customer.

If this condition is not satisfied, the Group recognizes revenue at a point in time. For each performance obligation that is satisfied at a point in time, the revenue is recognized when the performance obligation is met, and control is transferred to the customer. For each performance obligation that is satisfied over time, revenue is recognized by measuring progress towards completion of that performance obligation using the input method. The project revenue and costs are recognized as net revenue and costs in the consolidated statement of profit or loss in proportion to the services provided as at the balance sheet date, based on the percentage stage of completion of the contracts, calculated on the basis of costs incurred. Fulfillment of the performance obligations related to goods sold is measured using the commercial shipment terms as an indicator for the transfer of control.

If profit on the project can be determined reliably, revenue is recognized in proportion to the services at reporting date. Otherwise, revenue is recognized based on the cost incurred.

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Where the total project costs exceed the project revenue, the loss is recognized in the consolidated statement of profit or loss. The provision for this loss is included in the contract assets.

The Group applies the following practical exemptions in IFRS 15 'Revenue from contracts with customers':

- not to account for significant financing components where the time difference between receiving consideration and transferring control of products or services to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortization period of the asset otherwise recognized is one year or less.

Revenue is recognized when the performance obligation has been met.

### **Government grants**

Grants from governments are recognized when there is a reasonable assurance that the grant will be received and the Group will comply with all conditions attached to the grant. Grants are presented as other income in the consolidated statement of profit or loss.

### **Raw materials and consumables**

Raw materials and consumables represent the cost of raw materials and consumables that are attributable to the services provided or products delivered.

### **Expenses**

#### *Operating lease payments*

Lease payments are primarily recognized in line with note 9 'Right-of-use assets'. Lease payments that do not qualify as leases under the application of IFRS 16 'Leases' are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

#### *Net financing costs*

Net financing costs comprise interest payable on loans and borrowings calculated using the effective interest rate method. The interest expenses component of finance lease payments is recognized in the consolidated statement of profit or loss using the effective interest rate method. In so far as applicable, the interest component of lease liabilities is also recognized under financing costs.

### **Income taxes**

Income taxes on the profit or loss for the year comprises current and deferred taxes and are valued at the amount that is expected to be recovered from or paid to the tax authorities. The amount of taxation is calculated based on the tax rates and applicable tax legislation, as determined by law on the reporting date, in the countries in which the Group generates taxable income. Income tax is recognized in the consolidated statement of profit or loss, with the exception of income taxes relating to items recognized directly in equity or in other comprehensive income.

Deferred taxes are stated in full, using the liability method, on temporary differences arising between the fiscal book value of the assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting or taxable profit or loss. Deferred taxes are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled and reflects uncertainty related to income taxes, if any.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred taxes are calculated on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of temporary differences is controlled by the Group and it is probable that temporary differences will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

### Cash flow statement

The cash flow statement is prepared using the indirect method. It distinguishes between operating, investing and financing activities. Payments and receipts of corporate taxes and interest are included as cash flow from operating activities. Cash flow arising from divestment of financial interests in group companies and subsidiaries is included as cash flow from investing activities, taking into account the available cash in these interests. If applicable dividends paid are part of the cash flow from financing activities.

Cash flows relating to lease payments for right-of-use assets are part of cash flows from financing activities, while cash flows relating to leases with a term of up to 12 months, low-value leases and non-lease components are recognized under cash flows from operating activities.

### Financial risk management and sensitivity analysis

The Group's activities are exposed to a variety of financial risks: market risks (including currency risk and interest rate risk), credit risks and liquidity risks. The Group's overall risk management program focuses on the unpredictability of markets (debtor management) and tries to minimize potential adverse effects on the Group's financial performance. The Group makes limited use of derivative financial instruments to hedge certain risk exposures.

#### *Credit risk*

The activities of Group entail various credit risks. The maximum credit risk is equal to the carrying amount of the trade receivables and other receivables. Trade receivables are generally on terms of 30 days. With some debtors other payment terms are agreed upon varying from 14 to 60 days. The payment terms are based on general terms and conditions. The Group has neither specific obligations for returns or refunds, nor specific warranties nor other related obligations. Management has set up credit control policies to reduce the credit risk. The average credit rating of the Group's customers is comparable to the industry. There is no significant concentration of credit risks within the Group, as the Group has a large number of customers. One customer comprises 10% or more of net sales.

#### *Allowances for impairment of trade and other receivables*

The Group establishes allowances for impairment of trade and other receivables using an expected credit losses model. The loss allowance is determined based on historical data of credit losses and updated periodically to incorporate forward looking information. The Group has contact with clients on a regular basis and monitors financial performance when needed. Due to the low levels of write-offs of trade and other receivables in the past, the Group decided to apply a single loss-rate. The trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The amount of the allowance is equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows.

#### *Foreign currency risks and sensitivity analysis*

Within the Group's customer portfolio, the Group is exposed to currency risk. The foreign exchange risk is mitigated by exchange rate clauses in most of the Group's contracts and sales. The Group has sales in US-Dollar currency however this has minimal effect. The table below summarizes the sales in different currencies:

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Euro denominated net sales	15,555	13,563
US-Dollar denominated net sales	915	711
<b>Total net sales</b>	<b>16,470</b>	<b>14,274</b>

No detailed sensitivity analysis has been included, as the exposure is immaterial.

#### *Borrowing risks and sensitivity analysis*

The Group is exposed to interest rate risk, which is limited to the Eurozone. The Group's interest rate risk policy seeks to limit the entity's exposure to interest rate risk on borrowings. Interest rate risk may arise on both non-current and current borrowings. RoodMicrotec continually analyses developments in cash flow in relation to available financing facilities and interest rate fluctuations. In 2021, the Group issued a loan of EUR 2.6 million and maturity date is March 31, 2024. The annual average fixed interest rate is 4.83% and the effective return rate is 7.2%.

The Group does not have any variable interest rate borrowings outstanding as at December 31, 2022 and therefore is not subjected to risks arising from market interest rate fluctuations.

Therefore, borrowing risks for this instrument are low.

#### *Liquidity risk*

Liquidity risk is the risk that RoodMicrotec cannot meet its financial obligations. The premise of liquidity risk is that insofar as possible there should be sufficient liquidity for the Company to meet its current and future financial obligations in both normal and difficult circumstances, without entailing unacceptable losses or threat of damage RoodMicrotec's reputation.

RoodMicrotec has centralized its cash management. Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents. Furthermore, liquidity planning is one of the major elements in the Group's budget cycle. Due to the Group's working capital ratio and market conditions, management has tight monitoring procedures in place regarding direct cash flows. Both the cash position and sales forecasts are frequently reviewed. Managing the working capital position is important in managing the Group's liquidity risk.

Current liabilities with regard to payments of financing and interest costs are relatively small. The risk of strong fluctuating interest rates is limited and the Group has no interest swaps outstanding. The main part of the interest is related to the loan granted in 2021. This interest rate is fixed until March 31, 2024.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

(x EUR 1,000)	Carrying amount	Contractual cash flows			
		Total	< 1 year	1 to 2 years	> 2 years
Loan	2,525	-2,757	-126	-2,631	—
Lease liabilities	352	-352	-272	-47	-33
Trade payables	603	-603	-603	—	—
<b>Liquidity position</b>	<b>3,480</b>	<b>-3,712</b>	<b>-1,001</b>	<b>-2,678</b>	<b>-33</b>

#### *Market interest rates and pensions*

Changes in discount rates used in pension calculations are related to the changes in capital market interests. Changes in discount rates will result in actuarial gains or losses. According to IAS 19R 'Employee benefits', these actuarial gains and losses are immediately recognized in other comprehensive income. Disregarding this mitigation, a 1.0% decrease in the market interest rate at year-end would increase the pension obligation by approximately EUR 521,000. A 1.0% increase of the market interest rate at year-end would lead to a decrease of the pension obligation by approximately EUR 444,000.

#### **Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may, if and when applicable, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with other parties in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by invested capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings and lease liabilities' as shown in the consolidated statement of financial position) less cash and cash equivalents. Invested capital is calculated as 'equity' as shown

in the consolidated statement of financial position plus net debt. Below the gearing ratio of 2022 is stated compared to 2021.

**As of December 31**

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Long term interest-bearing debt	2,605	2,690
Short term interest-bearing debt	272	242
Less cash and cash equivalents	-3,682	-2,558
<b>Net debt</b>	<b>-805</b>	<b>374</b>
Total equity	7,850	5,583
<b>Invested capital</b>	<b>7,045</b>	<b>5,957</b>
<b>Gearing ratio (net debt/capital x 100%)</b>	<b>-11%</b>	<b>6%</b>

**Legal risk**

In February 2022 Prime Capital Debt SCS, SICAV-FIS – Robus Recovery Sub-Fund (Robus) initiated legal proceedings before the Regional Court of Frankfurt am Main (Landgericht Frankfurt am Main) against RoodMicrotec GmbH.

Robus is the holder of the perpetual bond (Genussschein) of EUR 1,994,000 that RoodMicrotec GmbH issued in 2010. Robus has initiated legal proceedings against RoodMicrotec GmbH before the Regional Court of Frankfurt, in which it demanded immediate termination and claimed full repayment of the 2010 perpetual bond at its nominal amount of EUR 1,994,000, to be increased with interest payments that Robus claimed to be entitled to for the years 2017, 2018 and 2021. Total amount claimed in the proceedings amounted to EUR 2,568,000 to be increased with 11.7% interest for the applicable period.

RoodMicrotec GmbH contested all allegations and claims, and denied that any compensation payments were due on the perpetual bond or that any grounds for extraordinary termination of the perpetual bond existed. Accordingly, RoodMicrotec GmbH asked the court to reject Robus' claim.

In March 2023 both parties agreed on a settlement, see note 23 'Events after balance sheet date'.

**Fair values**

For cash and cash equivalents, trade and other receivables, trade and other payables and current borrowings, the fair value of the financial instruments approximates the carrying value. Therefore, the fair value disclosure in tabular format for these items has not been presented.

## 1. Net sales

The Group does not have separate segments as referred to in IFRS 8 'Operating segments'. IFRS 8 requires the consolidated financial statements to present segment information that is in accordance with the internal information used by management of the Group (chief operating decision maker) to assess performance and allocate resources.

The Group focuses on a single operating segment considering the nature of its services and the type of class of customer for these services. This operating segment consist of three units, namely: Test Operations, Supply Chain Management and Qualification & Failure Analysis; to help the development of business level strategies. Management uses the consolidated results of operations to come up with informed business decisions.

Consequently, the disclosures for segment information are limited to net sales and non-current assets per country. In accordance to management reporting, net sales for the operational units Test Operations, Supply Chain Management and Qualification & Failure Analysis are also disclosed.

Non-current assets amounting to EUR 2,000 (2021: EUR 2,000) are located in the Netherlands and the majority of the non-current assets is located in Germany.

### Net sales by operational unit

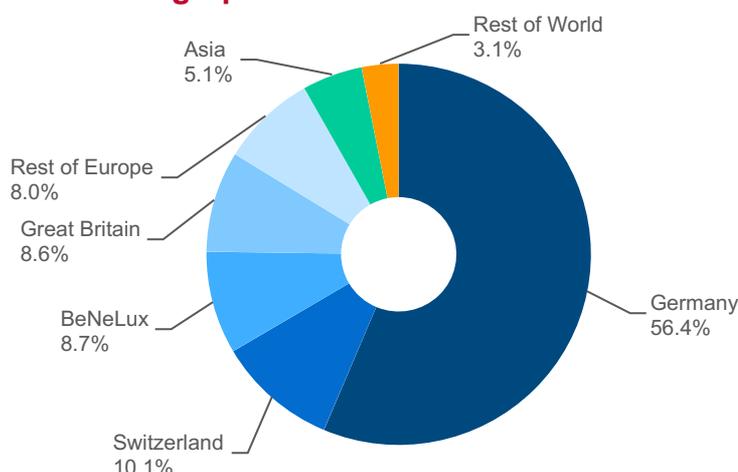
(x EUR 1,000)	2022	2021
Test Operations	10,035	7,938
Supply Chain Management (SCM)	3,533	3,364
Qualification & Failure & Analysis	2,902	2,972
<b>Total</b>	<b>16,470</b>	<b>14,274</b>

### Net sales by geographic region

(x EUR 1,000)	2022	2021
Germany	9,284	7,776
Rest of Europe	5,838	5,326
Asia	839	1,154
Rest of the world	509	18
<b>Total</b>	<b>16,470</b>	<b>14,274</b>

The net sales in the Netherlands amounts to nil in both 2022 and 2021.

### Geographical distribution of net sales



The basis for attributing net sales from external customers to individual geographical regions, is the country where the customer is based. In 2022, one individual customer meets the 10% criterion with a total reported revenue of EUR 3,2750,000 (2021: EUR 2,680,000).

## 2. Other income

(x EUR 1,000)	2022	2021
Other income	78	258
<b>Total</b>	<b>78</b>	<b>258</b>

The Group is making use of government grants due to its participation in publicly funded projects. In 2022, EUR 78,000 (2021: EUR 258,000) has been granted for this participation. The project "Advanced packaging for photonics, optics and electronics for low cost manufacturing in Europe," simply called APPLAUSE was successfully finished in 2022 and was funded by the ECSEL Joint Undertaking, which is supported by the European Union's Horizon 2020 research and innovation program.

The project is well aligned with the Group's strategy and focussed on the European semiconductor value chain by building new tools, methods and processes for high volume manufacturing.

## 3. Personnel expenses

(x EUR 1,000)	2022	2021
Salaries	6,243	5,669
Social securities	1,241	1,186
'Kurzarbeit' and other credits	—	-115
Pension charges	50	42
<b>Total</b>	<b>7,534</b>	<b>6,782</b>

In 2022, no internal hours are capitalized (2021: EUR 93,000).

Personnel expenses in 2022 included an expense of approximately EUR 522,000 (2021: EUR 381,000) for the employees bonus scheme, around EUR 198,000 (2021: EUR 117,000) of these expenses relate to the Board of Management's bonus scheme.

During 2022 no short-time work was performed, RoodMicrotec GmbH made no longer use the German program 'Kurzarbeit' since end of May 2021.

The professional categories of the employees are as follows:

Category (in FTE)	2022	2021
Operational unit	67	67
Management and administrative	15	13
Sales and support	12	13
Short-time work	—	-4
<b>Total average number of employees</b>	<b>94</b>	<b>89</b>

The average number of persons employed by the Group in 2022 on a full-time basis was 94 (2021: 89). No reduction for short-time work in 2022 (2021: -4 FTE). In 2022 an average of 2 persons were employed in the Netherlands on a full-time basis (2021: 2).

At year-end 2022, the Group employed 98 persons (2021: 92) on a full-time basis.

## 4. Other expenses, other than depreciation and amortization

(x EUR 1,000)	2022	2021
Housing and equipment costs	1,441	1,372
Selling and administrative expenses	958	958
<b>Total</b>	<b>2,399</b>	<b>2,330</b>

*Auditor fees*

The total costs for the services rendered by KPMG charged to the statement of profit or loss amount to:

(x EUR 1,000)	2022			2021		
	KPMG Accountants N.V.	Other KPMG network	Total	KPMG Accountants N.V.	Other KPMG network	Total
Audit of the financial statements	128	91	219	123	127	250
Other assurance services	—	—	—	—	—	—
Tax-related advisory services	—	—	—	—	—	—
Other non-audit services	—	—	—	—	—	—
<b>Total</b>	<b>128</b>	<b>91</b>	<b>219</b>	<b>123</b>	<b>127</b>	<b>250</b>

KPMG Accountants N.V. provided in 2022 no other services in addition to the statutory audit of the 2022 consolidated and Company financial statements.

The fees mentioned in the table for the audit of the financial statements are related to the work performed during the reporting period by the external auditor.

## 5. Depreciation and amortization

(x EUR 1,000)	2022	2021
Intangible assets	121	214
Land and buildings	149	149
Machinery and equipment	766	783
Depreciation of right-of-use assets	282	274
Other property, plant and equipment	129	139
<b>Total</b>	<b>1,447</b>	<b>1,559</b>

## 6. Financial income and expenses

Financial income and expenses can be specified as follows:

(x EUR 1,000)	2022	2021
<b>Financial income:</b>	<b>-8</b>	<b>—</b>
Interest income	-8	0
<b>Financial expenses:</b>	<b>188</b>	<b>189</b>
Interest charges - Loan	180	135
Interest charges - Bond loan	—	49
Interest charges - On leases	2	3
Other financial expenses	6	2
<b>Total</b>	<b>180</b>	<b>189</b>

The interest charges in 2022 include amortization costs amounting to EUR 57,000 (2021: EUR 53,000), which relate to discount and issuance cost of loans provided.

## 7. Income taxes

### Amounts recognized in profit or loss

(x EUR 1,000)	2022	2021 <sup>1</sup>
Current tax expense (income):		
Current year	706	358
Changes in estimates related to prior years	-22	—
Deferred tax expense (income):		
Change in tax rate	3	—
Recognition of previously unrecognized tax losses	-763	-727
Origination and reversal of temporary differences	-33	-28
<b>Tax expense (income) in Consolidated Statement of Profit or Loss</b>	<b>-109</b>	<b>-397</b>

No income taxes were paid in 2022 (2021: nil). The previously unrecognized tax losses includes recognition of EUR - 201,000 of deferred tax asset for the unused German tax losses measured based on the taxable profits in the business plan forecast of five years (2021: EUR -394,000), the remaining amount concerns utilization of tax losses for the year. Reference is made to note 11 'Deferred tax assets and liabilities'.

### Reconciliation of the effective tax rate

(x EUR 1,000)	2022	2021 <sup>2</sup>
Profit (loss) before taxes	2,271	1,038
Tax using the Company's domestic tax rate	661 29.1%	303 29.2%
Effect of tax rates in foreign jurisdictions	-4 -0.2%	-2 -0.2%
Tax effect of:		
Non-deductible expenses	17 0.7%	31 3.0%
Tax incentives	-1 —%	-2 -0.2%
Recognition of previously unrecognized tax losses	-763 -33.6%	-727 -70.0%
Effect changes in tax rate on deferred taxes	3 0.1%	— —%
Changes in estimates related to prior years	-22 -1.0%	— —%
<b>Total</b>	<b>-109 -4.8%</b>	<b>-397 -38.2%</b>

The effective tax rate , i.e. the ratio between total tax and the profit before corporate income tax, amounts to -4.8% (2021: -38.2%). The regions where the Group operates are the Netherlands and Germany, where the following tax rates applied in 2022: The Netherlands 15% and Germany 29%. As the major part of the activities is in Germany, the Group uses the German domestic tax rates of 29% (2021: 29%).

<sup>1</sup> Adjusted for comparison purposes

<sup>2</sup> Adjusted for comparison purposes

**Amounts recognized in OCI**

(x EUR 1,000)	2022	2021
Deferred taxes on positions recognized as comprehensive income:		
Tax income (expense) remeasurement of defined benefit obligation	-129	-61
<b>Tax income (expense) in Consolidated Statement of Comprehensive income</b>	<b>-129</b>	<b>-61</b>

**Amounts recognized directly in equity in 2022 (2021: nil)**

(x EUR 1,000)	before tax	tax	net of tax
Gain on redemption perpetual bond net of tax effect	100	29	71

Income taxes recognized directly in equity were the result of tax effects in connection with a settlement payment of a perpetual bond in the first half-year 2022.

**8. Property, plant and equipment**

(x EUR 1,000)	Land and buildings at fair value	Machinery and equipment	Others	Total
<b>January 1, 2021</b>				
Cost or fair value	3,015	21,742	2,719	27,476
Accumulated depreciation	—	-18,947	-2,327	-21,274
<b>Carrying amount January 1, 2021</b>	<b>3,015</b>	<b>2,795</b>	<b>392</b>	<b>6,202</b>
Additions	24	483	50	557
Disposals – Cost	-10	-140	-142	-292
Disposals – Accumulated Depreciation	10	140	142	292
Depreciation charge	-149	-783	-139	-1,071
<b>Carrying amount December 31, 2021</b>	<b>2,890</b>	<b>2,495</b>	<b>303</b>	<b>5,688</b>
<b>December 31, 2021</b>				
Cost or fair value	3,029	22,085	2,627	27,741
Accumulated depreciation	-139	-19,590	-2,324	-22,053
<b>Carrying amount December 31, 2021</b>	<b>2,890</b>	<b>2,495</b>	<b>303</b>	<b>5,688</b>
Useful economic life in years	17	2-10	3-10	

(x EUR 1,000)	Land and buildings at fair value	Machinery and equipment	Others	Total
<b>January 1, 2022</b>				
Cost or fair value	3,029	22,085	2,627	27,741
Accumulated depreciation	-139	-19,590	-2,324	-22,053
<b>Carrying amount January 1, 2022</b>	<b>2,890</b>	<b>2,495</b>	<b>303</b>	<b>5,688</b>
Additions	13	1,601	127	1,741
Disposals – Cost	-4	-56	-4	-64
Disposals – Accumulated Depreciation	4	56	4	64
Depreciation charge	-149	-766	-129	-1,044
<b>Carrying amount December 31, 2022</b>	<b>2,754</b>	<b>3,330</b>	<b>301</b>	<b>6,385</b>
<b>December 31, 2022</b>				
Cost or fair value	3,038	23,630	2,750	29,418
Accumulated depreciation	-284	-20,300	-2,449	-23,033
<b>Carrying amount December 31, 2022</b>	<b>2,754</b>	<b>3,330</b>	<b>301</b>	<b>6,385</b>
Useful economic life in years	17	2-10	3-10	

*Land and buildings at historical cost*

(x EUR 1,000)	2022	2021
Initial costs land and buildings	4,159	4,145
Additions (disposals)	9	14
Accumulated depreciation	-3,891	-3,879
<b>Net book amount at depreciated historical cost</b>	<b>277</b>	<b>280</b>

The valuation report dated December 3, 2020, prepared by Diplom-Betriebswirt Friedrich Kiefer, state the fair value of the land and buildings is EUR 3,015,000 (previous valuation report in 2017: EUR 3,345,000). Every three years, a revaluation takes place.

The valuation of land and buildings is based on a market valuation of land and rental value in combination with the technical life of the building. The land has been valued against EUR 55 per square meter.

According to IFRS 13 'Fair value measurement' hierarchy, the revalued land and buildings belongs to Level 3 – Significant Unobservable Inputs. The most significant input, all of which are unobservable is the estimated rental value and the value of land, which has been valued at EUR 55 per square meter.

*Valuation of land*

	Total square meters	EUR/square meter	Total value in EUR
Built land	14,780	55	812,900

*Valuation of building*

Valuation of the building is based on rental-market prices for office and production space per square meter. The range of market prices per square meter is between 2.00 and 6.00 EUR/square meter.

The total square meters of the building, which has been used to determine the rental value is 5,714 square meters. The total annual rental value amounts to EUR 292,872 (this includes the value of the built land).

A multiplier is used (according to valuation techniques in the real estate market) to calculate the value which amounts to 10.390977. The multiplier times the annual rental value of EUR 292,872 results in the value of

building, including built land, amounting to EUR 3,043,226. Deducting for deviations from normal structural condition EUR 30,000 from the value, the valuator has rounded the appraisal value to EUR 3,015,000.

A quantitative sensitivity analysis for the valuation is shown below:

Sensitivity level M <sup>2</sup> built land	EUR 50/M <sup>2</sup>	EUR 60/M <sup>2</sup>
Impact in EUR (basis: 14,780 M <sup>2</sup> )	-73,900	73,900
Sensitivity level rental building	-5%	5%
Rental value in EUR (basis: EUR 292,872)	-152,200	152,200

#### *Impairment loss and subsequent reversal*

The Group neither incurred nor reversed any impairment losses in 2022 (2021: zero).

#### *Assets under construction*

Assets under construction are included in the property, plant and equipment category 'Machinery and equipment'. As at December 31, 2022, assets under construction amounted to EUR 275,000 (2021: EUR 150,000).

#### *Security*

The loan provided in 2021 is unsecured, provided that in the event of a default the Lenders may require a first ranking right of mortgage on property of RoodMicrotec GmbH in Nördlingen; and a first ranking right of pledge on other fixed assets

For further information on security, reference is made to note 17 'Loans and borrowings'.

## **9. Right-of-use assets**

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods but may have extension options as described in below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of offices and warehouses for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of office and warehouse leases. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not

terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

For leases of offices and warehouses, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate);
- the importance of the underlying asset to Groups strategy and operations; or
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices leases have not been included in the lease liability due to the length of the remaining lease term.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the financial year 2022, the financial effect of revising lease terms to reflect the effect of exercising extension was an increase in recognized lease liabilities and right-of-use assets of EUR 29,000 (2021: EUR 4,000).

Movements in right-of-use assets can be shown as follows:

(x EUR 1,000)	Company offices	Other operating assets	Total assets
<b>January 1, 2021</b>			
Cost	1,025	293	1,318
Accumulated depreciation	-433	-157	-590
<b>Carrying amount January 1, 2021</b>	<b>592</b>	<b>136</b>	<b>728</b>
Additions	—	—	—
Renewal option	—	4	4
Terminations - Cost	-40	-72	-112
Terminations - Accumulated depreciation	40	72	112
Depreciation charge	-197	-77	-274
<b>Carrying amount December 31, 2021</b>	<b>395</b>	<b>63</b>	<b>458</b>
Cost	985	225	1,210
Accumulated depreciation	-590	-162	-752
<b>Carrying amount December 31, 2021</b>	<b>395</b>	<b>63</b>	<b>458</b>
<b>January 1, 2022</b>			
Cost	985	225	1,210
Accumulated depreciation	-590	-162	-752
<b>Carrying amount January 1, 2022</b>	<b>395</b>	<b>63</b>	<b>458</b>
Additions	—	145	145
Renewal option	18	11	29
Terminations - Cost	—	-130	-130
Terminations - Accumulated depreciation	—	130	130
Depreciation charge	-199	-83	-282
<b>Carrying amount December 31, 2022</b>	<b>214</b>	<b>136</b>	<b>350</b>
Cost	1,003	251	1,254
Accumulated depreciation	-789	-115	-904
<b>Carrying amount December 31, 2022</b>	<b>214</b>	<b>136</b>	<b>350</b>

The other operating assets consist mainly of leased company vehicles.

The lease liabilities can be specified as follows:

**(x EUR 1,000)**

<b>Balance at January 1, 2021</b>	<b>733</b>
Additions	—
Renewal option	4
Terminations	—
Interest costs	3
Lease payments	-278
<b>Balance at December 31, 2021</b>	<b>462</b>

Lease liability – non-current	220
Lease liability – current	242
<b>Total</b>	<b>462</b>

**(x EUR 1,000)**

<b>Balance at January 1, 2022</b>	<b>462</b>
Additions	145
Renewal option	29
Terminations	—
Interest costs	2
Lease payments	-286
<b>Balance at December 31, 2022</b>	<b>352</b>

Lease liability – non-current	80
Lease liability – current	272
<b>Total</b>	<b>352</b>

The contractual maturity of the future lease liabilities is as follows:

As of December 31

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Under one year	272	242
One to five years	80	220
Over five years	—	—
<b>Contractual future lease liabilities</b>	<b>352</b>	<b>462</b>

The total cash outflow for leases in 2022 was EUR 286,000 (2021: EUR 278,000).

The consolidated statement of profit or loss contains the following lease items:

(x EUR 1,000)	2022	2021
Costs of short-term leases	5	6
Costs of low-value leases	—	1
<b>Total</b>	<b>5</b>	<b>7</b>

## 10. Intangible assets

(x EUR 1,000)	Goodwill	Development expenditure	Other intangible assets	Total
<b>Cost</b>				
<b>Balance at January 1, 2021</b>	<b>1,741</b>	<b>997</b>	<b>530</b>	<b>3,268</b>
Investments	—	93	31	124
Divestment	—	-15	-55	-70
<b>Balance at December 31, 2021</b>	<b>1,741</b>	<b>1,075</b>	<b>506</b>	<b>3,322</b>
<b>Accumulated amortization</b>				
<b>Balance at January 1, 2021</b>	<b>—</b>	<b>546</b>	<b>475</b>	<b>1,021</b>
Amortization	—	175	39	214
Divestment	—	-15	-47	-62
<b>Balance at December 31, 2021</b>	<b>—</b>	<b>706</b>	<b>467</b>	<b>1,173</b>
<b>Carrying amount</b>				
<b>Balance at January 1, 2021</b>	<b>1,741</b>	<b>451</b>	<b>55</b>	<b>2,247</b>
<b>Balance at December 31, 2021</b>	<b>1,741</b>	<b>369</b>	<b>39</b>	<b>2,149</b>

(x EUR 1,000)	Goodwill	Development expenditure	Other intangible assets	Total
<b>Cost</b>				
<b>Balance at January 1, 2022</b>	<b>1,741</b>	<b>1,075</b>	<b>506</b>	<b>3,322</b>
Investments	—	—	2	2
Divestment	—	-56	-38	-94
<b>Balance at December 31, 2022</b>	<b>1,741</b>	<b>1,019</b>	<b>470</b>	<b>3,230</b>
<b>Accumulated amortization</b>				
<b>Balance at January 1, 2022</b>	—	<b>706</b>	<b>467</b>	<b>1,173</b>
Amortization	—	105	16	121
Divestment	—	-56	-38	-94
<b>Balance at December 31, 2022</b>	—	<b>755</b>	<b>445</b>	<b>1,200</b>
<b>Carrying amount</b>				
<b>Balance at January 1, 2022</b>	<b>1,741</b>	<b>369</b>	<b>39</b>	<b>2,149</b>
<b>Balance at December 31, 2022</b>	<b>1,741</b>	<b>264</b>	<b>25</b>	<b>2,030</b>

#### *Goodwill*

Goodwill is tested annually for impairment. The goodwill is allocated to the German subsidiary RoodMicrotec GmbH as the cash-generating unit. The recoverable amount of this cash-generating unit is determined using value-in-use calculations. These calculations use cash flow projections based on the Group's budget for 2023 and forecasts for 2024-2027, based on an annual organic growth rate of 7%. Residual value is based on a 1% perpetual growth rate. Given the high degree of uncertainty caused by geopolitical uncertainties and the uncertain macroeconomic outlook, the Group chose to use the expected cash flow approach as opposed to the traditional approach. Under the expected cash flow approach, uncertainty about future cash flows is reflected in different probability-weighted cash flow projections, rather than in the discount rate.

The discount rate used is post-tax and reflects specific (market) risks and represents the current WACC. The proportion of the equity and debt used in the WACC calculation is based on the optimal capital structure, the best mix of debt and equity financing that maximizes the company's market value while minimizing its cost of capital. The WACC post-tax used is 13.2% (2021: 13.6%).

The discount rate applied in accordance with article 55 of IAS 36 'Impairment of assets' corresponds to a WACC pre-tax of 18.6% (2021: 19.1%).

The recoverable amount for 2022 amounts to EUR 16.3 million. The headroom in the impairment test scenario amounts to EUR 7.5 million.

Sensitivity analyses were prepared to determine the point where an impairment loss would be necessary. The headroom would be zero in case a WACC post-tax is used of 22.0%.

#### *Development expenditure*

In 2022 no investments in internally generated intangible assets were made (2021: EUR 93,000). Development expenditures are amortized during the expected economic lifetime of 4 years starting when the project is finished. The amortization of development expenditure amounts to EUR 105,000 (2021: EUR 176,000). In 2022, EUR 56,000 was divested (2021: EUR 15,000) with no losses.

Amortization is accounted for in the consolidated statement of profit or loss within depreciation. Loss on divestment is accounted for in the consolidated statement of profit or loss within other operating expenses.

#### *Other intangible assets*

The other intangible assets consist of software and licenses and capitalized expenses related to the website.

Other intangible assets are being amortized over a period between 3 and 5 years. Amortization is accounted for in the consolidated statement of profit or loss within depreciation.

## 11. Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset, when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority. The deferred tax asset of EUR 2,092,000 (December 31, 2021: EUR 1,995,000) is related to Germany and includes assets as well as liabilities which can be offset. The deferred tax liability of EUR -14,000 (December 31, 2021: EUR -19,000) is related to the Netherlands.

Movement in deferred taxes assets and liabilities comprise the following:

(x EUR 1,000)	Net balance at January 1, 2021	Recognized directly in equity	Recognized in profit or loss	Recognized in OCI	Net balance at December 31, 2021	Deferred tax assets at December 31, 2021	Deferred tax liabilities at December 31, 2021
Property, plant and equipment	-776	—	9	—	-767	-767	—
Right-of-use assets	1	—	—	—	1	1	—
Intangible assets	-124	—	17	—	-107	-107	—
Employee benefits	664	—	1	-61	604	604	—
Provisions	3	—	-1	—	2	2	—
Loan	—	-21	2	—	-19	—	-19
Tax losses carried forward	1,868	—	394	—	2,262	2,262	—
<b>Total deferred tax</b>	<b>1,636</b>	<b>-21</b>	<b>422</b>	<b>-61</b>	<b>1,976</b>	<b>1,995</b>	<b>-19</b>

(x EUR 1,000)	Net balance at January 1, 2022	Recognized directly in equity	Recognized in profit or loss	Recognized in OCI	Net balance at December 31, 2022	Deferred tax assets at December 31, 2022	Deferred tax liabilities at December 31, 2022
Property, plant and equipment	-767	—	45	—	-722	-722	—
Right-of-use assets	1	—	—	—	1	1	—
Intangible assets	-107	—	31	—	-76	-76	—
Employee benefits	604	—	-53	-129	422	422	—
Provisions	2	—	2	—	4	4	—
Loan	-19	—	5	—	-14	—	-14
Tax losses carried forward	2,262	—	201	—	2,463	2,463	—
<b>Total deferred tax</b>	<b>1,976</b>	<b>—</b>	<b>231</b>	<b>-129</b>	<b>2,078</b>	<b>2,092</b>	<b>-14</b>

### Deferred tax assets: tax losses carried forward

At December 31, 2022 the Group has recognized tax losses carried forward at a total of EUR 2.5 million (December 31, 2021: EUR 2.3 million), which relate entirely to the Germany subsidiary, representing a total amount of unused losses of EUR 18.2 million (December 31, 2021: EUR 20.2 million). The relevant unused losses in Germany, generated by RoodMicrotec GmbH, can be carried forward in time indefinitely. Losses may be carried back one year and carried forward indefinitely. Losses may be offset against profits up to EUR 1 million without restriction, but only 60% of income exceeding EUR 1 million may be offset against loss carry forwards. Consistent with past practice, the deferred tax asset for the unused German tax losses is measured based on the taxable profits in the business plan forecast of five years. The Group considers a taxable profit forecast for a longer horizon as unreliable. An amount of EUR 8.5 million of unused tax losses in Germany are recognized on the balance sheet as per December 31, 2022. Consequently an amount of EUR 9.8 million of unused losses are not recognized as per December 31, 2022.

A quantitative sensitivity analysis for the deferred tax asset for unused German tax losses, measured based on the taxable profits in the business plan forecast of five years, as at December 31, 2022 is as shown below:

Assumption	change growth rate	
	0.5% increase	0.5% decrease
Sensitivity level		
Impact on deferred tax asset in EUR	362,000	-358,000

The sensitivity analysis is prepared at the end of the reporting period using the same methods as applied in the measurement of deferred tax assets for unused German tax losses in the consolidated statement of financial position. The sensitivity analysis may not be representative of the actual change in the deferred tax assets.

The German combined statutory tax rate for RoodMicrotec GmbH was 29% for the 2022 fiscal year (2021: 29%). This is based on a corporate income tax rate of 16% (15% plus a solidarity surcharge of 5.5%) and a trade tax of 13%.

With effect from 2022, losses in the Netherlands can be offset for an unlimited period. At the same time as this change, tax loss carry-forwards are maximized at EUR 1.0 million plus 50% of the taxable amount over and above this EUR 1.0 million. At year-end 2022 and 2021, the available tax losses were not recognized. These unrecognized tax losses are in total approximately EUR 0.9 million as per December 31, 2022 (2021: EUR 1.0 million).

### Unused tax losses for which no deferred tax asset is recognized

<b>(x EUR 1,000)</b>	<b>2022</b>	<i>tax rate</i>	<i>Expiry date</i>	<b>2021</b>	<i>tax rate</i>	<i>Expiry date</i>
<i>Corporate income tax</i>	10,534	16%		13,176	16%	
<i>Trade tax</i>	8,902	13%		11,349	13%	
Germany <sup>1</sup>	9,789	29%	none	12,359	29%	none
Netherlands	923	19%	none	1,003	19%	none
<b>Total unrecognized tax losses</b>	<b>10,712</b>			<b>13,362</b>		

The amount of unused tax losses carried forward as per December 31, 2022 for which no deferred tax assets are recognized are best possible estimates. The fiscal year of the Group equals the financial year.

#### *Deferred tax liabilities*

As a result of the revaluation of land and buildings, the capitalization of development expenditure a provision for deferred tax liabilities has been recognized amounting to 29% (2021: 29%) of the difference between the fiscal book value and carrying amount. All deferred tax liabilities, except for the deferred tax liability related to the loan of EUR 14,000 (December 31, 2021: EUR 19,000), are within the same jurisdiction.

## 12. Inventories

As of December 31

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Raw materials and consumables	86	98
<b>Total</b>	<b>86</b>	<b>98</b>

In 2022 no write-downs of inventory to lower net realizable value took place (2021: zero).

## 13. Contract assets

As of December 31

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Contract Assets	464	341
<b>Total</b>	<b>464</b>	<b>341</b>

During 2022, contract assets increased by EUR 123,000 to EUR 464,000. The value varies depending on type and phase of a project. In general the increase resulted from a higher levels of activities.

<sup>1</sup> calculated as weighted average

## 14. Trade and other receivables

Trade and other receivables are specified as follows:

As of December 31

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Not overdue	1,620	1,234
< 30 days overdue	256	229
> 30 days and < 60 days overdue	26	36
> 60 days overdue	16	3
Allowance for credit losses	-26	-22
Trade receivables	1,892	1,480
Other receivables	216	247
<b>Total</b>	<b>2,108</b>	<b>1,727</b>

The carrying amount of the trade and other receivables approximates the fair value, due to their short-term nature.

Information regarding the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in the section 'Financial risk management and sensitivity analysis'.

### *Allowance for credit losses*

The Group applies the IFRS 9 'Financial instruments' simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The loss allowance is determined based on historical data of credit losses and updated periodically to incorporate forward looking information. As per the end of the year 2022, the Group applies a single-loss rate of 1.1% (2021: 1.2%) of trade receivables and contract assets.

The movement in the allowance for credit losses during the year is as follows:

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Balance at January 1	-22	-25
Release/addition to the allowance for credit losses	-4	3
Utilized during the year	—	—
<b>Balance at December 31</b>	<b>-26</b>	<b>-22</b>

As at December 31, 2022, trade receivables of around EUR 298,000 (2021: EUR 268,000) were past due. There were no indications on the balance sheet date that a provision was necessary in addition to the provision already taken for expected credit losses on trade receivables.

## 15. Share capital

### *Authorized share capital*

At December 31, 2022 the authorized share capital comprised 100,000,000 shares (2021: 100,000,000). The shares have a nominal value of EUR 0.11 each.

In 2022 there were no shares issued.

<b>(x EUR 1,000)</b>	<b>Number of Shares</b>	<b>Share Capital (EUR)</b>	<b>Share Premium (EUR)</b>
Balance at January 1	75,076	8,259	20,725
<b>Balance at December 31</b>	<b>75,076</b>	<b>8,259</b>	<b>20,725</b>

As at December 31, 2022, a total number of 75,076,267 shares are issued (2021: 75,076,267). Of these, the Company holds 4,100 shares (2021: 4,100) as treasury shares. The number of shares held by the Company at the end of 2022 was less than 0.01% of the total number of issued shares (2021: < 0.01%).

As at December 31, 2022, the Company has 1,530,785 warrants outstanding, which are all held by Blikkenburg B.V. (2021: 1,530,785). The exercise price of each warrant is EUR 0.42. These warrants are exercisable as of the date of issuance. The expiration date of these warrants is January 31, 2023.

As at December 31, 2022, the Company has 7,485,000 non-listed 5-year warrants outstanding, (2021: 7,485,000). The exercise price of each warrant is EUR 0.15. The expiration date of these warrants is March 31, 2026. As at March 31, 2022 the Group granted the non-listed 5-year warrants to the Lenders of loan issued (see note 17 'Loans and borrowings'). Each Warrant shall entitle the relevant Lender or subsequent holder of the Warrants to subscribe for one ordinary share in the capital of the Company at a subscription price of EUR 0.15, to be paid in cash upon exercise. Of the warrants issued, 1/3 shall be issued on a non-conditional basis with a vesting period of 1 year, 1/3 shall be issued conditional upon the amount of the secured loan that shall be outstanding on the first anniversary of completion and 1/3 shall be issued conditional upon the amount of the secured loan that shall be outstanding on the second anniversary of completion.

In the past the Company has issued warrants to shareholders and investors as an incentive to attract new investors or to reward long-term shareholders. In the future, the Company may consider issuing warrants again, but will decide on this on a case by case basis.

#### *Share premium*

The share premium reserve relates to the issuance of shares above par (nominal value). The share premium is the consideration paid for shares in excess of the nominal value.

#### *Revaluation reserve*

As a result of the revaluation of land and buildings a revaluation reserve has been recognized. The revaluation reserve cannot be used for dividend distributions.

#### *Other reserve*

The other reserve comprises stock warrants issued in combination with the loan on March 31, 2021. The warrants are considered equity instruments and therefore included in equity for the consideration received at the issuance date of the warrants (see Note 17).

#### *Non-controlling interests*

In November 2010, the German subsidiary RoodMicrotec GmbH issued a perpetual bond of EUR 1,994,096. On December 27, 2012 RoodMicrotec GmbH issued additionally a perpetual bond of EUR 500,000.

The compensation to be paid results from the multiplication of 11.70% annually with the par value per security and the actual number of calendar days in the month for which the compensation is implemented divided by the actual number of days (365 or 366) in the respective calendar year.

RoodMicrotec GmbH is not obligated to pay under one of the following conditions (in this case a claim does not arise):

- if, and insofar as, such a claim would lead to or increase an annual net loss of RoodMicrotec GmbH in the business year to which the determining profit period refers, and
- insofar as the profit distributions from free equity capital cannot be paid simultaneously.

The term "free equity" is the amount that can be normally distributed to the shareholders after dissolution of all "free" reserves.

Compensation becomes only due if, and insofar as, RoodMicrotec GmbH decides on such a payment. If RoodMicrotec GmbH decides against a payment, it is not obliged to pay compensation (so unpaid compensation does not accumulate). If RoodMicrotec GmbH decides on a payment and there are unpaid compensations ("compensation arrears"), then payment of these compensations must occur before any dividends or capital can be paid or distributed to the normal shareholders.

A claim for a compensation payment for year 2022 did not arise. The annual net profit for 2022 of RoodMicrotec GmbH amounted to EUR 2,349,000 (2021: EUR 1,420,000), but profit distribution cannot be paid from the free capital in the 2022 financial year. Therefore, the compensation payment in 2022 is EUR 0 (2021: EUR 0).

As of December 31, 2022, the total unpaid compensation amounts to zero.

There is no contractual obligation for redemption, as the securities are without due date (no redemption period or maturity agreed upon). Furthermore, it is at the discretion of the issuing party when a termination is made.

The securities conditions do not have any redemption triggers that are out of the control of RoodMicrotec GmbH.

Only RoodMicrotec GmbH can unilaterally call-in this bond. The bond does not entitle the owner to any RoodMicrotec N.V. shareholder rights. If an annual compensation payment leads to an annual net loss for RoodMicrotec GmbH in the business year to which the determining profit period refers, or increases a net loss, the claim to this compensation does not arise for the accounting period.

In the first half-year 2022, the 2012 perpetual bond of EUR 500,000 has been redeemed from non-controlling interests, as a result of a settlement payment for an amount of EUR 400,000. The gain of EUR 100,000 is subject to German corporate taxes at the German combined statutory tax rate of 29%. The gain on redemption of the perpetual bond net of tax effect amounts to EUR 71,000 and has been directly recognized in equity.

#### *Proposal for result appropriation*

In accordance with article 27 of the Company's Articles of Association, the Board of Management proposes that the net profit be added to the retained earnings.

#### *Appropriation of result of 2021*

The financial statements for the reporting year 2021 have been adopted by the General Meeting on June 9, 2022. The General Meeting has adopted the appropriation of the net profit as proposed by the Board of Management and approved by the Supervisory Board.

## 16. Earnings per share

#### *Earnings per share*

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of shares outstanding during the year.

	<b>2022</b>	<b>2021</b>
Net profit (loss) attributable to equity holders of the Company		
(x EUR 1,000)	2,380	1,435
Weighted average number of shares outstanding (in thousands)	75,076	75,016
<b>Basic earnings per share (x EUR 1)</b>	<b>0.03</b>	<b>0.02</b>

#### *Earnings per share - diluted*

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding, to take into account conversion of all potentially dilutive shares, consisting of warrants which are in the money.

	<b>2022</b>	<b>2021</b>
Net profit (loss) attributable to equity holders of the Company		
(x EUR 1,000)	2,380	1,435
Weighted average number of shares outstanding (in thousands)	75,076	75,016
Adjustments for:		
- Warrants (in the money) (in thousands)	4,990	2,495
Weighted average number of shares for diluted earnings per share (in thousands)	80,066	77,511
<b>Diluted earnings per share (x EUR 1)</b>	<b>0.03</b>	<b>0.02</b>

## 17. Loans and borrowings

This note provides information on the contractual terms of the Group's interest-bearing loans and borrowings.

As of December 31

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Loan	2,525	2,470
Less: current portion of long-term loans	—	—
<b>Total non-current loans and borrowings</b>	<b>2,525</b>	<b>2,470</b>

Debt repayment schedule as per December 31, 2022

<b>(x EUR 1,000)</b>	<b>Total</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>More than 5 years</b>
Loan	2,600	—	2,600	2,600	—	—
<b>Total interest-bearing loans and borrowings</b>	<b>2,600</b>	<b>—</b>	<b>2,600</b>	<b>2,600</b>	<b>—</b>	<b>—</b>

Interest expenses repayment schedule as per December 31, 2022

<b>(x EUR 1,000)</b>	<b>Total</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>More than 5 years</b>
Loan	157	126	31	31	—	—
<b>Total</b>	<b>157</b>	<b>126</b>	<b>31</b>	<b>31</b>	<b>—</b>	<b>—</b>

### Loan

On March 31, 2021, the Group issued a EUR 2,600,000 loan. A group of long-time investors provided a loan in the amount of EUR 2.6 million with a duration of 36 months. Maturity date is March 31, 2024. RoodMicrotec's management participated in the refinancing with EUR 105,000; Mr. O.M. Sallenhag with EUR 60,000, Mr. A. Ladega with EUR 15,000 and other management team members with EUR 30,000. EUR 892,000 was received in cash and EUR 1,708,000 was set-off and rolled forward into the new loan. The loan has a 4.75% annual interest, quarterly payable and the effective interest rate is 7.2%. The loan is unsecured, provided that in the event of a default the Lenders (other than Management) may require a first ranking right of mortgage on property of RoodMicrotec GmbH in Nördlingen; and a first ranking right of pledge on other fixed assets. In combination with the loan, warrants were issued. The Group granted a total number of 7,485,000 non-listed 5-year warrants to the Lenders (except the Management). Each Warrant shall entitle the relevant Lender or subsequent holder of the Warrants to subscribe for one ordinary share in the capital of the Company at a subscription price of EUR 0.15, to be paid in cash upon exercise. Of the Warrants issued, 1/3 shall be issued on a non-conditional basis with a vesting period of 1 year, 1/3 shall be issued conditional upon the amount of the secured loan that shall be outstanding on the first anniversary of completion and 1/3 shall be issued conditional upon the amount of the secured loan that shall be outstanding on the second anniversary of completion. The warrants are considered equity instruments and therefore included in equity for the consideration received at the issuance date of the warrants. As no warrants have been granted to Management, they are entitled to 6.75% p/a interest on the loan.

### Interest rates

The average interest rates were as follows:

	<b>2022</b>	<b>2021</b>
Loan	4.83%	4.83%
Secured bond loan	N/A	6.00%

## 18. Defined benefit obligations

### Defined benefit plans

The Group funds defined benefit plans for qualifying employees at RoodMicrotec GmbH. These plans are subject to German laws and are administered by a separate fund that is legally separated from the Group. The pension benefits are based on the pensionable salary (or in some cases on the ratio of salary and a social security contribution ceiling) and the worked service years. Since the 1990's, the pension schemes are closed for new members. At the moment the pension schemes have 52 participants of which 1 is active participants and still employed by and working in the Group.

The plans expose the Group to actuarial risks such as interest rate risk. The schemes do not expose the Group to any unusual scheme-specific risk. The defined benefit pension plan comprising defined benefit arrangements and arrangements congruently matched by insurance policies are partly reinsured. The reserves required for these obligations are recognized, net of plan assets, in the consolidated statement of financial position.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on December 31, 2022 by Mercer Deutschland GmbH, Frankfurt am Main. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method. The charge for the year is included in the employee benefits expense in the consolidated statement of profit or loss.

The principal assumptions used for the purpose of the actuarial valuations at December 31 are as follows:

	<b>2022</b>	<b>2021</b>
Discount rate at December 31	4.14%	1.06%
Salary increase rate	2.25 %	2.00 %
Pension increase rate	2.25 %	— %
Expected duration in years, active employees	20 years	20 years
Expected duration in years, pensioners	10 years	10 years
Expected duration in years, mixed	15 years	15 years
Mortality	RT Heubeck 2018 G	RT Heubeck 2018 G
Disability	RT Heubeck 2018 G	RT Heubeck 2018 G
Marriage	RT Heubeck 2018 G	RT Heubeck 2018 G
Withdrawal	Mercer specific tables	Mercer specific tables

The movement in the present value of the defined benefit obligations and in the fair value of the plan assets is as follows:

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
<b>Defined benefit obligations and plan assets</b>		
Defined benefit obligations at January 1	6,083	6,547
Current service costs	3	4
Interest costs	62	49
Actuarial gains (-) or losses	-400	-136
Pension payments	-421	-381
<b>Defined benefit obligations at December 31</b>	<b>5,327</b>	<b>6,083</b>
January 1	1,530	1,563
Interest income on plan assets	15	11
Return on plan assets	45	73
Pension payments from plan assets	-117	-117
<b>Fair value of plan assets at December 31</b>	<b>1,473</b>	<b>1,530</b>
<b>Net defined benefit obligations at December 31</b>	<b>3,854</b>	<b>4,553</b>

*Plan assets*

Plan assets as per year-end are composed of life insurance policies amounting to EUR 1,473,000 (2021: EUR 1,530,000), which are held at insurance companies.

The fair values of these life insurance policies are determined based on quoted market prices in active markets. The actual return on plan assets was EUR 45,000 (2021: EUR 73,000). The plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group.

Amounts recognized in the profit or loss related to the Group's defined benefit plans are as follows:

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Current service costs	3	4
Net interest expenses	47	38
<b>Expenses recognized in profit or loss</b>	<b>50</b>	<b>42</b>

Amounts recognized in other comprehensive income (OCI) related to the Group's defined benefit plans are as follows:

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Effect of changes in financial assumptions	-502	-172
Effect of experience adjustments	102	36
Return on plan assets or reimbursement rights excl. interest income	-45	-73
<b>Expenses (income) recognized in OCI</b>	<b>-445</b>	<b>-209</b>

A quantitative sensitivity analysis for the discount rate as at December 31, 2022 is as shown below:

<b>Assumption</b>	<b>Discount rate</b>	
	1.0% increase	1.0% decrease
Sensitivity level		
Impact on defined benefit obligation in EUR	-444,000	521,000

The sensitivity analysis is prepared at the end of the reporting period using the same methods as applied in the defined benefit obligation in the consolidated statement of financial position. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation.

The Group's expected pension payments for 2023 are EUR 0.4 million (2022: EUR 0.4 million).

## 19. Provisions

As of December 31

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Warranty provisions	17	14
Other provisions	138	64
<b>Total</b>	<b>155</b>	<b>78</b>

Provisions for warranties mainly represent the estimated future costs of fulfilling contractual requirements associated with service or products provided.

The other provisions relate to employee liabilities such as long term incentive plan and defined jubilees and are in general long-term. Remeasurements are recognized in profit or loss in the period in which they arose.

## 20. Trade and other payables

As of December 31

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Suppliers and trade creditors	603	453
Other payables	1,647	1,371
<b>Total</b>	<b>2,250</b>	<b>1,824</b>

The carrying amount of the trade and other payables approximates the fair value, due to their short-term nature.

Other payables consist of non-trade payables and accrued expenses.

## 21. Off-balance sheet commitments

In addition to provisions and liabilities, there were other financial obligations that were not recognized in the Consolidated Statement of Financial Position which are explained below.

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>&lt; 1 year</b>	<b>1 - 5 year</b>	<b>&gt; 5 year</b>	<b>2021</b>
Property, plant and equipment ordered	459	459	—	—	578
Maintenance	533	349	184	—	247
Other off-balance sheet commitments	966	839	127	—	163
<b>Total</b>	<b>1,958</b>	<b>1,647</b>	<b>311</b>	<b>—</b>	<b>988</b>

The other off-balance sheet commitments pertain to contract agreements between RoodMicrotec and suppliers for fulfilling specific customer contracts.

The Company and the Dutch subsidiary company form a fiscal unity for corporate tax. Each of these companies is severally liable for corporate tax to be paid by all companies that belong to the fiscal unity.

## 22. Related parties

The Group has related party relationships with its key management personnel, being represented by the Company's Board of Management and Supervisory Board (for more information see the Remuneration Report on pages 54 - 58).

### Remuneration of Board of Management

<b>(x EUR 1,000)</b>	<b>Fixed compensation</b>		<b>Short-term incentive</b>		<b>Long-term incentive</b>		<b>Other benefits</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Mr. O.M. Sallenhag	150	150	45	45	81	23	6	6	282	224
Mr. A. Ladega	132	132	40	40	32	8	7	22	211	202
<b>Total</b>	<b>282</b>	<b>282</b>	<b>85</b>	<b>85</b>	<b>113</b>	<b>31</b>	<b>13</b>	<b>28</b>	<b>493</b>	<b>426</b>

The remuneration of the Board of Management is determined by the Supervisory Board.

At the end of 2022, Mr. O.M. Sallenhag holds 485,000 shares and Mr. A. Ladega holds 226,000 shares in the capital of the Company.

*Remuneration of the Supervisory Board*

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Mr. R.J.W.M. van der Linden	9 <sup>1</sup>	—
Mr. M.E.T. Verstraeten	12	12
Mr. V.G. Tee	6 <sup>2</sup>	15
<b>Total</b>	<b>27</b>	<b>27</b>

The members of the Supervisory board received a fixed compensation during 2022.

There are no loans outstanding to the members of the Supervisory Board, nor have any guarantees been given on behalf of members of the Supervisory Board.

At the end of 2022, the members of the Supervisory Board did not hold any shares or any options on shares in the capital of the Company.

*Other related party transactions*

In 2022, the Group has not entered into any other related party transactions except for intercompany charges between the Company and RoodMicrotec GmbH.

Mr. O.M Sallenhag participates in the loan to the Company for an amount of EUR 60,000 and Mr. Ladega for an amount of EUR 15,000. (see note 17 'Loan and borrowings').

**23. Events after balance sheet date**

Subsequent to December 31, 2022, the following events occurred:

*Final settlement agreement with Robus regarding legal proceedings on perpetual bond issued in 2010.*

RoodMicrotec GmbH has entered into an agreement for a full and final settlement with Prime Capital Debt SCS, SICAV-FIS – Robus Recovery Sub-Fund ("Robus") regarding the perpetual bond that RoodMicrotec GmbH issued in 2010 and which is held by Robus.

As announced on February 21, 2022, Robus had initiated legal proceedings against RoodMicrotec GmbH before the Regional Court of Frankfurt am Main. Robus claimed being entitled to an 11.7% compensation payment in relation to 2017, 2018 and H1-2021. In addition, alleging non-compliance by RoodMicrotec GmbH of the terms and conditions of the 2010 perpetual bond, Robus claimed the immediate and full repayment of the nominal amount of the perpetual bond asserting grounds for the extraordinary termination of the perpetual bond. The total amount claimed by Robus in the proceedings amounted to EUR 2,568k to be increased with 11.7% interest for the applicable period.

Following an oral hearing held on March 7, 2023, the parties have reached agreement on a full and final settlement that was reached before and confirmed by the Regional Court of Frankfurt am Main. Pursuant to the settlement, RoodMicrotec GmbH shall pay a total amount of EUR 2,194k, in four equal installments of EUR 548k each, by March 31, June 30, September 30 and December 31, 2023. This equals 110% of the nominal value of the perpetual bond. RoodMicrotec will be able to pay the installments from free available cash.

<sup>1</sup> June - December

<sup>2</sup> January - May

## C. COMPANY FINANCIAL STATEMENTS

### Company Statement of Financial Position

(Before appropriation of result)

As of December 31

(x EUR 1,000)	Notes	2022	2021
<b>ASSETS</b>			
Property, plant and equipment		2	2
Right-of-use assets		26	48
Investments in group companies	1	—	—
Loans to group companies	2	4,792	2,404
<b>Non-current assets</b>		<b>4,820</b>	<b>2,454</b>
Loans to group companies	2	981	1,461
Trade and other receivables		45	42
Cash and cash equivalents		2,912	1,918
<b>Current assets</b>		<b>3,938</b>	<b>3,421</b>
<b>Total assets</b>		<b>8,758</b>	<b>5,875</b>
<b>EQUITY AND LIABILITIES</b>			
Issued share capital		8,259	8,259
Share premium		20,725	20,725
Revaluation reserve		1,759	1,853
Other reserves		-27,267	-29,183
Unappropriated result		2,380	1,435
<b>Shareholders' equity</b>	3	<b>5,856</b>	<b>3,089</b>
Loans and borrowings	4	2,525	2,470
Lease liabilities		4	24
Deferred tax liabilities	5	14	19
Provisions		104	32
<b>Non-current liabilities</b>		<b>2,647</b>	<b>2,545</b>
Current lease liabilities		22	24
Trade and other payables	6	233	217
<b>Current liabilities</b>		<b>255</b>	<b>241</b>
<b>Total equity and liabilities</b>		<b>8,758</b>	<b>5,875</b>

The numbers following the various items refer to the notes on pages 102 to 109.

## Company Statement of Profit and Loss

(x EUR 1,000)	Notes	2022	2021
Net sales	7	563	524
<b>Total income</b>		<b>563</b>	<b>524</b>
Other external expenses	8	-468	-536
Personnel expenses	9	-373	-286
Depreciation and amortization	10	-25	-25
<b>Total expenses</b>		<b>-866</b>	<b>-847</b>
<b>Operating profit (loss)</b>		<b>-303</b>	<b>-323</b>
Interest income and similar income	11	516	522
Interest expenses and similar charges	11	-187	-186
	11	<b>329</b>	<b>336</b>
<b>Profit (loss) before taxes</b>		<b>26</b>	<b>13</b>
Taxes	12	5	2
Share in results from participating interests, after taxes	13	2,349	1,420
<b>Net profit (loss)</b>		<b>2,380</b>	<b>1,435</b>

The numbers following the various items refer to the notes on pages 102 to 109.

## D. NOTES TO THE COMPANY FINANCIAL STATEMENTS

### General

These company financial statements and the consolidated financial statements together constitute the statutory financial statements of RoodMicrotec N.V. (hereafter: 'the Company'). The financial information of the Company is included in the consolidated financial statements, as presented on pages 60 to 64.

The Company has its registered address at Zutphenseweg 29 D1, Deventer, the Netherlands, and is registered with the trade register of the Dutch Chamber of Commerce under number 33251008.

### Basis of preparation

These company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of results for its separate financial statements, the Company makes use of the option provided in section 2:362(8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements. For an appropriate interpretation of these statutory financial statements, the separate financial statements should be read in conjunction with the consolidated financial statements.

The Company financial statements are presented in euros ('EUR') and all values are rounded to the nearest thousand, except when otherwise indicated.

### Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the Company financial statements.

The fair values of most of the financial instruments recognized in the Company statement of financial position, including accounts receivable, approximately equal their carrying amounts. The fair value of the accounts receivable from participating interests cannot be determined with sufficient certainty. For further information, please refer to note 3 'Cash and cash equivalents' and note 6 'Trade and other payables'.

### Investments in group companies

Group companies are all entities in which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognized from the date on which control is obtained by the Company and derecognized from the date that control by the Company over the group company ceases. Investments in group companies are accounted for in the Company financial statements according to the equity method, with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements.

Investments in subsidiaries with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the investments in subsidiaries that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the investments in subsidiaries in subsequent years will only be recognized if and to the extent that the cumulative unrecognized share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant investment in subsidiary, or if has the constructive obligation to enable the investments in subsidiary to pay its debts (for its share therein), then a provision is recognized accordingly to the amount of the estimated payments by the Company on behalf of the investments in subsidiary.

**Share of result of participating interests after taxes**

The share in the result of participating interests consists of the share of the Company in the net result after taxes of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

The Company makes use of the option to eliminate intra group expected credit losses against the book value of loans and receivables from the Company to participating interests, instead of elimination against the equity value / net asset value of the participating interests.

**Cash and cash equivalents**

Cash and cash equivalents in the Company's financial position consists of bank balances and cash and are free at the company's disposal. Cash and cash equivalents that are not readily available to the Company within 12 months are presented under financial assets.

**Corporate income tax**

The Company is the head of the fiscal unity. The Company recognizes the portion of corporate income tax that it would owe as an independent tax payer, taking into account the allocation of the advantages of the fiscal unity. Settlement within the fiscal unity between the Company and its subsidiaries takes place through current account positions.

## 1. Investments in group companies

This item relates to the Company's wholly owned subsidiaries, which are the only two group companies.

Movements in this item were as follows:

(x EUR 1,000)	2022	2021
<b>Balance at January 1</b>	-4,846	-6,414
Result of group companies	2,349	1,420
Gain on redemption perpetual bond	71	—
Remeasurement of defined benefit obligations	445	209
Tax implication remeasurement of defined benefit obligations	-129	-61
	<b>-2,110</b>	<b>-4,846</b>
<b>Provision group companies</b>		
Provision at January 1	4,846	6,414
Changes	-2,736	-1,568
<b>Provision at December 31</b>	<b>2,110</b>	<b>4,846</b>
<b>Balance at December 31</b>	<b>—</b>	<b>—</b>

The Company is the holding company and has the following financial interests:

Consolidated participating interests	Legal address	Share in issued capital %
RoodMicrotec GmbH	Oettinger Strasse 6, 86720 Nördlingen, Germany	100%
RoodMicrotec International B.V. (dormant subsidiary)	Dokter van Deenweg 58, 8025 BC Zwolle, The Netherlands	100%

## 2. Loans to group companies

This item relates to subordinated loans issued to the subsidiaries. The subordinated loans amounted to EUR 1,580,000 with an interest rate of 8%, a EUR 2,700,000 loan with an interest rate of 7%, a EUR 5,250,000 loan with an interest rate of 5%, a EUR 725,000 loan with an interest rate of 6.5%, a EUR 475,000 loan with an interest rate of 6.0%, a EUR 4,188,000 loan with an interest rate of 5.1%. In addition, in 2021 receivables from group companies have been settled for the amount of EUR 4,188,000. In 2022 a new loan is provided of EUR 705,000 with an interest rate of 5.85%.

Movements in this item were as follows:

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
<b>Balance at January 1</b>	8,711	9,737
Loans provided	705	4,188
Redeemed loans	-1,521	-1,924
Other additions (repayments)	-12	898
Settlements	—	-4,188
<b>Balance at December 31</b>	<b>7,883</b>	<b>8,711</b>
<b>Provision group companies</b>		
Provision at January 1	-4,846	-6,414
Changes	2,736	1,568
<b>Provision at December 31</b>	<b>-2,110</b>	<b>-4,846</b>
Transfer of current portion to current assets	-981	-1,461
<b>Total non-current loans to group companies at December 31</b>	<b>4,792</b>	<b>2,404</b>

For the negative equity of the German subsidiary, a provision on the non-current loans to group companies is recognized. This provision amounts to EUR -2,110,000 as per December 31, 2022 (December 31, 2021: EUR -4,846,000). The Company is joint and severally liable for debts arising from legal acts of this subsidiary.

### 3. Shareholders' equity

(x EUR 1,000)	Issued share capital	Share premium	Revaluation reserve	Other reserves	Unappropriated result	Total
<b>Balance at January 1, 2021</b>	<b>8,239</b>	<b>20,709</b>	<b>1,985</b>	<b>-29,318</b>	-265	<b>1,350</b>
Issuance of shares	—	—	—	—	—	—
Issuance of stock warrants	—	—	—	120	—	120
Share options exercised	20	16	—	—	—	36
<b>Transactions with equity holders</b>	<b>8,259</b>	<b>20,725</b>	<b>1,985</b>	<b>-29,198</b>	<b>-265</b>	<b>1,506</b>
Appropriation of result	—	—	—	-265	265	—
Net profit (loss)	—	—	—	—	1,435	1,435
<b>Other comprehensive income:</b>						
Remeasurement of defined benefit obligation	—	—	—	148	—	148
Revaluation of land and buildings	—	—	-132	132	—	—
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>-132</b>	<b>15</b>	<b>1,700</b>	<b>1,583</b>
<b>Balance at December 31, 2021</b>	<b>8,259</b>	<b>20,725</b>	<b>1,853</b>	<b>-29,183</b>	<b>1,435</b>	<b>3,089</b>
<b>Balance at January 1, 2022</b>	<b>8,259</b>	<b>20,725</b>	<b>1,853</b>	<b>-29,183</b>	<b>1,435</b>	<b>3,089</b>
Issuance of shares	—	—	—	—	—	—
<b>Transactions with equity holders</b>	<b>8,259</b>	<b>20,725</b>	<b>1,853</b>	<b>-29,183</b>	<b>1,435</b>	<b>3,089</b>
Appropriation of result	—	—	—	1,435	-1,435	—
Net profit (loss)	—	—	—	—	2,380	2,380
Gain on redemption perpetual bond	—	—	—	71	—	71
<b>Other comprehensive income:</b>						
Remeasurement of defined benefit obligation	—	—	—	316	—	316
Revaluation of land and buildings	—	—	-94	94	—	—
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>-94</b>	<b>1,916</b>	<b>945</b>	<b>2,767</b>
<b>Balance at December 31, 2022</b>	<b>8,259</b>	<b>20,725</b>	<b>1,759</b>	<b>-27,267</b>	<b>2,380</b>	<b>5,856</b>

#### Authorized share capital

At December 31, 2022 the authorized share capital comprised 100,000,000 shares (2021: 100,000,000). The shares have a nominal value of EUR 0.11 each.

#### Revaluation reserve

A revaluation reserve has been formed for the revaluation of land and buildings of the German subsidiary RoodMicrotec GmbH. This reserve is regarded a legal reserve pursuant to article 2:373 of the Dutch Civil Code and, consequently, is not available for dividend distribution to equity holders.

#### Proposal for result appropriation

In accordance with article 27 of the Company's Articles of Association, the Board of Management proposes that the net profit be added to the retained earnings.

#### Appropriation of result of 2021

The financial statements for the reporting year 2021 have been adopted by the General Meeting on June 9, 2022. The General Meeting has adopted the appropriation of the net profit as proposed by the Board of Management and approved by the Supervisory Board.

#### 4. Loans and borrowings

This note provides information on the contractual terms of the Company's interest-bearing loans and borrowings.

As of December 31

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Loan	2,525	2,470
Total loans and borrowings	2,525	2,470
Transfer of current portion to current liabilities	—	—
<b>Total non-current loans and borrowings</b>	<b>2,525</b>	<b>2,470</b>

Debt repayment schedule as per December 31, 2022

<b>(x EUR 1,000)</b>	<b>Total</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>More than 5 years</b>
Loan	2,600	—	2,600	2,600	—	—
<b>Total interest-bearing loans and borrowings</b>	<b>2,600</b>	<b>—</b>	<b>2,600</b>	<b>2,600</b>	<b>—</b>	<b>—</b>

Interest expenses repayment schedule as per December 31, 2022

<b>(x EUR 1,000)</b>	<b>Total</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>More than 5 years</b>
Loan	157	126	31	31	—	—
<b>Total</b>	<b>157</b>	<b>126</b>	<b>31</b>	<b>31</b>	<b>—</b>	<b>—</b>

For further details, reference is made to note 17 'Loans and borrowings' of the consolidated financial statements.

#### 5. Deferred tax liabilities

As a result of the valuation of the loan a provision for deferred tax liabilities has been recognized amounting to 19% (2021: 15%) of the difference between the fiscal book value and carrying amount.

With effect from 2022, losses in the Netherlands can be offset for an unlimited period. At the same time as this change, tax loss carry-forwards are maximized at EUR 1.0 million plus 50% of the taxable amount over and above this EUR 1.0 million. At year-end 2022 the available tax losses were not recognized (2021: EUR nil). These unrecognized tax losses are in total approximately EUR 0.9 million as per December 31, 2022 (2021: EUR 1.0 million). No deferred tax assets have been recognized for tax losses in the Netherlands.

For further details regarding the deferred tax liabilities, reference is made to note 11 'Deferred tax assets and liabilities' of the consolidated financial statements.

#### 6. Trade and other payables

As of December 31

<b>(x EUR 1,000)</b>	<b>2022</b>	<b>2021</b>
Suppliers and trade creditors	44	73
Other payables	189	144
<b>Total</b>	<b>233</b>	<b>217</b>

The carrying amount of the trade and other payables approximates the fair value, due to their short-term nature. Other payables consist of non-trade payables and accrued expenses.

## 7. Net sales

Net sales comprises charges to group companies with regard to management fees and corporate overhead.

## 8. Other external expenses

(x EUR 1,000)	2022	2021
Housing and equipment costs	13	17
Selling and administrative expenses	455	519
<b>Total</b>	<b>468</b>	<b>536</b>

## 9. Personnel expenses

(x EUR 1,000)	2022	2021
Salaries	351	265
Social securities	22	21
<b>Total</b>	<b>373</b>	<b>286</b>

### *Remuneration of and share ownership by the Board of Management and Supervisory Board*

Personnel expenses in 2022 included an expense of approximately EUR 154,000 (2021: EUR 74,000) for the Board of Management's bonus scheme.

The Company has an average of 2 employees in 2022 (2021: 2), all of whom are based in the Netherlands.

The information as referred to in section 383, subsection 1, of Book 2 of the Dutch Civil Code is disclosed in note 22 'Related parties' of the consolidated financial statements.

## 10. Depreciation and amortization

(x EUR 1,000)	2022	2021
Right-of-use assets	25	24
Other fixed assets	—	1
<b>Total</b>	<b>25</b>	<b>25</b>

## 11. Financial income and expenses

(x EUR 1,000)	2022	2021
Interest income:		
– intercompany loan	516	522
Interest expenses:		
– loan	-181	-135
– bond loan	—	-49
– other financial expenses	-6	-2
<b>Total</b>	<b>329</b>	<b>336</b>

The interest expenses in 2022 include amortization costs amounting to EUR 55,000 (2021: EUR 50,000), which relate to discount and issuance cost of loans provided.

## 12. Income taxes

(x EUR 1,000)	2022	2021 <sup>1</sup>
Current tax expense (income):		
Current year	12	2
Deferred tax expense (income):		
Change in tax rate	3	—
Recognition of previously unrecognized tax losses	-12	-2
Origination and reversal of temporary differences	-8	-2
<b>Tax expense (income) recognized in the company statement of Profit and Loss</b>	<b>-5</b>	<b>-2</b>

## 13. Share of result of participating interests after taxes

(x EUR 1,000)	2022	2021
Share of result of participating interests after taxes:		
– RoodMicrotec GmbH	2,349	1,420
– RoodMicrotec International B.V. (dormant subsidiary)	—	—
<b>Total</b>	<b>2,349</b>	<b>1,420</b>

## 14. Off-balance sheet assets and liabilities

### *Joint and several liability and guarantees*

Pursuant to article 264 (3) of the German Commercial Code, the Company has issued declarations of joint and several liability for debts arising from legal acts of RoodMicrotec GmbH amounting to EUR 8.4 million (2021: EUR 6.3 million).

### *Fiscal unity*

The Company and the Dutch subsidiary company form a fiscal unity for corporate tax. Each of these companies is severally liable for corporate tax to be paid by all companies that belong to the fiscal unity.

## 15. Events after balance sheet date

For information on the events after balance sheet date, reference is made to note 23 'Events after balance sheet date' of the consolidated financial statements.

Deventer, April 19, 2023

### **Board of Management**

O.M. Sallenhag, CEO

A. Ladega, CFO

### **Supervisory Board**

R.J.W.M. van der Linden, Chairman

M.E.T. Verstraeten

<sup>1</sup> Adjusted for comparison purposes

## **OTHER INFORMATION**

### **PROFIT APPROPRIATION**

Article 27 of the Company's Articles of Association includes the following provisions for profit appropriation:

1. the Company may pay dividends and make other distributions only to the extent that its equity exceeds the amount of the paid-up and called-up portion of the share capital plus the reserves which must be maintained by law and under these articles;
2. subject to the prior approval of the Supervisory Board, the Board of Management is authorized to add any profit in whole or in part to the reserves;
3. any profit remaining after reservation referred to in the preceding paragraph will be at the disposal of the annual general meeting of shareholders;
4. to the extent that the general meeting of shareholders does not resolve to distribute the profit for any financial year, such profit will be added to the reserves.



# Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of RoodMicrotec N.V.

## Report on the audit of the financial statements 2022 included in the annual report

### *Our opinion*

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of RoodMicrotec N.V. as at 31 December 2022 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of RoodMicrotec N.V. as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### *What we have audited*

We have audited the financial statements 2022 of RoodMicrotec N.V. ('the Company') based in Deventer, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2022;
2. the following consolidated statements for 2022: the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the cash flow statement; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company statement of financial position as at 31 December 2022;
2. the company statement of profit and loss for 2022; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

## Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of RoodMicrotec N.V. in accordance with the '*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten*' (ViO, 'Code of Ethics for Professional Accountants, a regulation with respect to independence') and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the '*Verordening gedrags- en beroepsregels accountants*' (VGBA, 'Dutch Code of Ethics').

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, climate and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Information in support of our opinion

### Summary

#### Materiality

- Materiality of EUR 135,000.
- 0.82% of net sales.

#### Group audit

- Audit coverage of 100% of total assets.
- Audit coverage of 100% of revenue.

#### Fraud/Noclar, Going concern and Climate related risks

- Fraud & Non-compliance with laws and regulations (Noclar) related risks: presumed risks of management override of controls and revenue recognition identified.
- Going concern related risks: no going concern risks identified.
- Climate related risks: We have considered the impact of climate-related risks on the financial statements and described our approach and observations in the section 'Audit response to climate-related risks'.

#### Key audit matters

- Valuation of deferred tax assets.

#### Opinion

Unqualified

## **Materiality**

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 135,000 (2021: EUR 120,000) The materiality is determined with reference to net sales (0.82%). We consider net sales as the most appropriate benchmark because key stakeholders are primarily focused on net sales and less on the result before tax. Materiality increased compared to last year as a result of the higher net sales in 2022. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 6,750 would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

## **Scope of the group audit**

RoodMicrotec N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of RoodMicrotec N.V.

Our group audit mainly focused on RoodMicrotec GmbH (Germany), as this is the most significant component within the group. Furthermore, substantially all of the Company's business activities take place in this German component.

We have:

- performed audit procedures for significant balances recorded in RoodMicrotec N.V., the parent company;
- made use of the work of KPMG Germany to perform the audit of the complete reporting package of RoodMicrotec GmbH.

We have provided detailed instructions to KPMG Germany, covering the significant audit areas, including the relevant risks of material misstatement, and the information required to be reported back to the group audit team.

We scheduled (virtual) meetings with the local component auditor and local component management in Germany to review the component auditor's documentation and meet with local management. We performed a file-review via remote access and (virtual) meetings were held with KPMG Germany in which we discussed matters such as audit approach, audit findings and observations reported to the group audit team. We have taken notice of their findings with respect to RoodMicrotec GmbH and we have discussed these together with KPMG Germany and with local management.

As the remaining component (RoodMicrotec International B.V.) is a dormant entity our procedures on this component were limited.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

### Total assets

**83%**

Audit of the complete reporting package

**17%**

Audit of specific items

### Net Sales

**100%**

Audit of the complete reporting package

#### ***Audit response to the risk of fraud and non-compliance with laws and regulations***

In chapter 'Risk and Risk Management' of the report of the Board of Management, the Board of Management describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the Supervisory Board reflects on this.

As part of our audit, we have gained insights into RoodMicrotec N.V. and its business environment, and assessed the design and implementation of RoodMicrotec N.V.'s risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, whistle-blowing policy, and other compliance policies. Furthermore, we performed relevant inquiries with the Board of Management and the Supervisory Board. As part of our audit procedures, we:

- assessed other positions held by Board of Management members and Supervisory Board members and paid special attention to procedures and governance in view of possible conflicts of interest;
- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to RoodMicrotec N.V., and we have not identified areas which most likely could have a material effect on the financial statements.

We, together with our forensics specialists, evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

### **Management override of controls (a presumed risk)**

#### ***Risk:***

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

#### ***Responses:***

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to journal entries.
- We performed a data analysis of high-risk journal entries related and evaluated key estimates and judgment for bias by the Company's management, such as estimates relating to impairment testing of goodwill and the valuation of deferred tax assets, including retrospective reviews of prior year's estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit by reviewing the expense reports of the Board of Management in the Netherlands. Furthermore, we revised our selection methodology with regard to the audit procedures performed on the sales transactions at year-end.

### **Revenue recognition (a presumed risk)**

#### ***Risk:***

- Overstating of revenue by fraudulent recognition of sales before the end of the reporting period is an inherent risk of RoodMicrotec N.V.

#### ***Responses:***

- In addition to the procedures already mentioned above with respect to management override of controls, we evaluated the design and implementation of internal controls that mitigate fraud risks with respect to revenue.
- To assess whether revenue was recognized in the appropriate period, for selected sales transactions recognized before year-end we inspected agreements with customers and shipping documents.
- Further, we inspected credit notes subsequent to year-end to assess whether revenue was recognized in the correct reporting period.
- We also incorporated an element of unpredictability as we revised our selection methodology with regard to the audit procedures performed on the sales transactions at year-end.

Our evaluation of procedures performed related to fraud did not result in a key audit matter.

We communicated our risk assessment, audit responses and results to the Board of Management and the Supervisory Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

### ***Audit response to going concern***

The Board of Management has performed its going concern assessment and has not identified any going concern risks. To assess the Board of Management's assessment, we have performed, inter alia, the following procedures:

- we considered whether the Board of Management's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we inspected the financing agreement for terms or conditions that could lead to significant going concern risks;
- we analyzed the operating results forecast and the related cash flows compared to the previous financial year, developments in the business sector and any information of which we became aware as a result in our audit; and
- we analyzed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Board of Management's going concern assessment.

### ***Audit response to climate-related risks***

The Company has set out its analysis relating to climate change in the chapter 'risk and risk management' of the annual report.

The Board of Management has analyzed, against the background of the Company's business and operations, at a high level how climate-related risks and opportunities could have a significant impact on the Company's business or could impose the need to adapt its strategy and operations. The Board of Management has concluded that currently no material climate risks at the short term have been identified.

As part of our audit, we performed a risk assessment of the impact of climate-related risk on the 2022 financial statements. In doing this, we made enquiries with the Board of Management and the Supervisory Board and inspected Board-minutes to understand the Board of Management's assessment against the background of the Company's business and operations of the potential impact of climate-related risk and opportunities and the Company's preparedness for this. We have not identified climate related fraud risk factors that had to be assessed as an event or condition that would indicate a risk of material misstatement in the financial statements.

Based on our risk assessment procedures performed, we found that climate related risks have no material impact on the current financial statements under the requirements of IFRS-EU and have no material impact on our key audit matters.

Furthermore, we have read the 'Other information' with respect to climate-related risks as included in the annual report and considered the material consistency with the financial statements, our knowledge obtained through the audit, in particular as described above and our knowledge obtained otherwise.

### ***Our key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter with respect to 'Valuation of goodwill' is not included, as the financial performance has further improved in 2022 and the headroom in prior year was already sufficient, resulting in a decreased risk profile with regard to the valuation of goodwill.

## **Valuation of deferred tax assets**

### **Description**

At 31 December 2022, an amount of EUR 2.5 million (2021: EUR 2.3 million) was recognized as tax losses carried forward. These tax losses carried forward are related to the cumulative net operating losses of RoodMicrotec GmbH of EUR 18.2 million. The availability of future taxable income in the foreseeable future is relevant for the recognition and measurement of deferred tax assets from net operating losses. The Company uses a valuation model to determine the amount of deferred tax assets to be recognized. The assessment of future taxable income and the recognition of deferred tax assets is significant in our audit as it requires significant judgement and can have a significant effect on the financial statements.

### **Our response**

We evaluated the internal controls that should ensure an appropriate valuation of deferred tax assets and noted that we needed to apply a substantive audit approach on this item. In relation to the deferred tax assets our audit procedures included evaluating the Company's assumptions and estimates in relation to the likelihood of generating sufficient future taxable profits.

We tested the consistency of the assumptions of the applied model with the valuation model the Company used for the annual goodwill impairment test where we involved a KPMG valuation specialist. We reconciled the input used in the valuation model with the budget which has been approved by the Supervisory Board and we assessed the assumptions such as sales growth and profit margins included in the budget and evaluated historical accuracy of the Board of Management's estimates.

When auditing the deferred tax assets we used among others the knowledge and experience of a tax specialist of KPMG Germany to assess the amount of available net operating losses to be carried forward and whether the tax calculations are made in accordance with the most recent guidance issued by local tax authorities. Finally, we assessed the adequacy of the disclosure (Note 11) to the consolidated financial statements.

## **Our observation**

Overall we assess the assumptions applied as balanced. The group's disclosures related to the deferred tax assets as set forth in Note 11 to the 2022 consolidated financial statements are in compliance with the requirements of EU-IFRS.

## **Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **Report on other legal and regulatory requirements and ESEF**

### ***Engagement***

We were engaged by the General Meeting of Shareholders as auditor of RoodMicrotec N.V. on 25 November 2019, as of the audit for the year 2019 and have operated as statutory auditor since that financial year.

### ***No prohibited non-audit services***

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

### ***European Single Electronic Format (ESEF)***

RoodMicrotec N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in XHTML format, including the (partly) marked-up consolidated financial statements as included in the reporting package by RoodMicrotec N.V., complies in all material respects with the RTS on ESEF.

The Board of Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby the Board of Management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF. We performed our examination in accordance with Dutch law, including Dutch Standard 3950N '*Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument*' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included among others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

## **Description of responsibilities regarding the financial statements**

### ***Responsibilities of the Board of Management and the Supervisory Board for the financial statements***

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Management, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

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

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

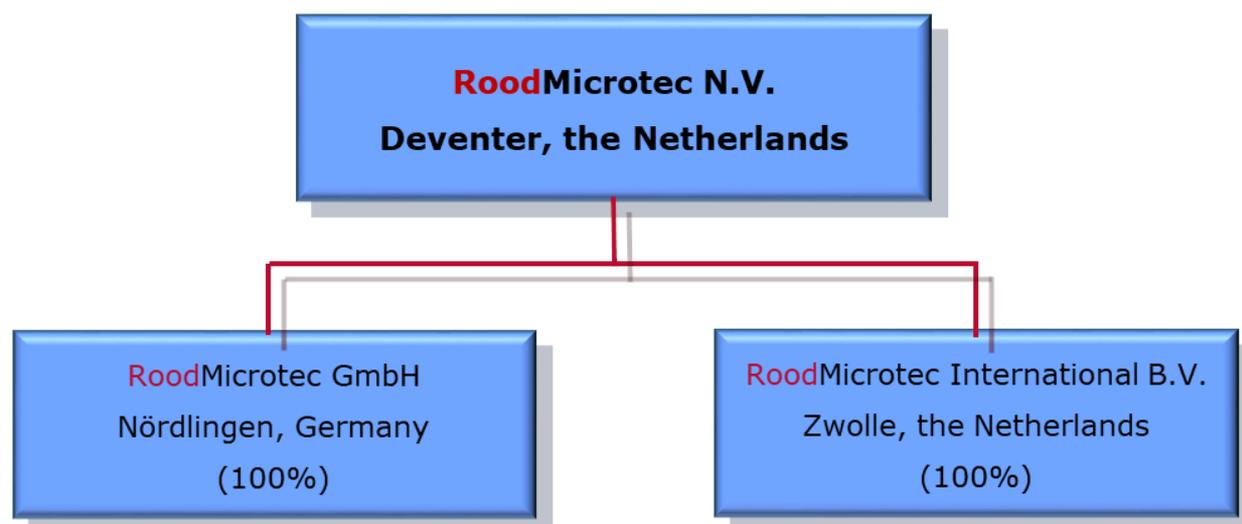
A further description of our responsibilities for the audit of the financial statements is located at the website of the '*Koninklijke Nederlandse Beroepsorganisatie van Accountants*' (NBA, Royal Netherlands Institute of Chartered Accountants) at [http://www.nba.nl/ENG\\_OOB\\_01](http://www.nba.nl/ENG_OOB_01). This description forms part of our auditor's report.

Eindhoven, 19 April 2023

KPMG Accountants N.V.

M.J.A Verhoeven RA

## GROUP STRUCTURE



## ADDRESSES AND PERSONAL DETAILS

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Arvid Ladega, CFO

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Chamber of Commerce number 33251008103

## ABBREVIATIONS USED

Abbreviation	Description
AFM	Netherlands Authority for the Financial Markets
AGM	Annual General Meeting of Shareholders
AI	Artificial Intelligence
ASIC	Application Specific Integrated Circuit
AQG	Automotive Power Module Qualification Guideline
ATE	Automatic Test Equipment
CAGR	Compound Annual Growth Rate
CGU	Cash-generating Unit
COTS	Components Of The Shelf
COVID-19	Corona Virus Disease 2019
D&I	Diversity & Inclusion
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interests, Taxes, Depreciation and Amortization
ECSEL	Electronic Components and Systems for European Leadership
ESEF	European Single Electronic Format
ESG	Environmental, Social and Governance
FTE	Full Time Employee
GaN	Gallium Nitride
HiRel	High Reliability
IC	Integrated Circuit
IDM	Integrated Device Manufacturer
IFRS	International Financial Reporting Standards as adopted by the European Union
IoT	Internet of Things
IoMT	Internet of Medical Things
IMF	International Monetary Fund
IP	Intellectual Property
MEMS	Micro-Electro-Mechanical System
OCI	Other Comprehensive Income
OECD	Organization for Economic Co-operation and Development
OEM	Original Equipment Manufacturer
PC	Personal Computer
RF	Radio frequency
RFID	Radio Frequency IDentification
RTS	Regulatory Technical Standards
SCM	Supply Chain Management
SIA	Semiconductor Industry Association
UWB	Ultra-Wideband
V2I	Vehicle-to-Infrastructure
V2V	Vehicle-to-Vehicle
V2X	Vehicle-to-Everything
VR	Virtual Reality
WACC	Weighted Average Cost of Capital
Wft	Financial Supervision Act
WLCSP	Wafer Level Chip Scale Package
WSTS	World Semiconductor Trade Statistics
XBRL	eXtensible Business Reporting Language



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