

**Navigator Equity Solutions SE  
Waalre**

**Annual report 2018**

## **CONTENTS**

## **Page**

### **FINANCIAL REPORT**

1	Director's report	4
---	-------------------	---

### **FINANCIAL STATEMENTS**

1	Consolidated balance sheet as at December 31, 2018	14
2	Consolidated profit & loss account for the year 2018	16
3	Consolidated cash flow statement 2018	17
4	Notes to the consolidated financial statements	19
5	Notes to the consolidated balance sheet as of December 31, 2018	26
6	Notes to the consolidated profit & loss account for the year 2018	33
7	Balance sheet as at December 31, 2018	34
8	Company profit and loss account over 2018	36
9	Notes to the non-consolidated balance sheet as of December 31, 2018	37
10	Notes to the company profit and loss account 2018	42
11	Other disclosure	43

### **OTHER INFORMATION**

1	Statutory appropriation of profit	44
2	Independent auditor's report	45

## **FINANCIAL REPORT**

## **DIRECTOR'S REPORT**

### **To our Shareholders**

I am delighted to present Navigator Equity Solutions's Annual Report.

As a Board we continuously scrutinize our progress against our strategy and evaluate all aspects of our business to ensure we have the right organization and structure in place to achieve our vision. We now report on progress during 2018 against those goals. By focusing on the delivery of consistent and dependable performance from year to year we aim to deliver returns for shareholders which will reach over the longer term. We have strong foundations in place upon which we are building businesses that will consistently compete with the best in their sector. We remain committed to improving the processes we use across the business to drive enhancements to the shareholder, both by increasing revenue and reducing costs.

The full year 2018 of IT Competence Group SE was characterized by focusing on profitability. The IT Competence Group SE closed the 2018 business year with the best result in the company's history with an EBITDA of around € 1.5 million.

In October 2018, The ACON Group SE's minority shareholding successfully concluded the contract for the sale of 80% of ACON Actienbank AG.

The investment in the real estate in Dublin developed very well in fiscal year 2018. The amount of EUR 1.7 million was successfully refinanced by Ulsterbank, Ireland. Rental income from the real estate developed as planned in 2018.

Navigator Equity Solutions SE holds a majority interest of around 52% in Black Pearl Digital AG, which is focusing in the area of contract development for blockchain applications. Black Pearl Digital AG successfully carried out a capital increase in December 2018. The capital increase generated a gross inflow of EUR 1,282,655.00 for the company. The proceeds will be used to further expand the company's operating business.

The group balance sheet is managed to ensure long-term financial stability, regardless of the state of capital markets, and capital funding is made available to all of our businesses where returns meet or exceed clearly defined criteria.

Navigator Equity Solutions SE  
Waalre

Our range of activities is broad in product, technology and market scope. Our portfolio of businesses comprises sizeable operations that achieve good revenue and profit growth; mature, cash-generative operations; and smaller enterprises that afford exciting growth potential. In our markets, we aim to achieve strong and sustainable positions through a combination of organic growth, acquisition of complementary new businesses and achievement of high levels of operating efficiency.

In the first months of fiscal year 2019 Navigator Equity Solutions SE has executed various strategic measures. Navigator Equity Solutions SE has sold the remaining 20% in ACON Actienbank AG and furthermore sold 51% of the participation in IT Competence Group SE to audius AG. Options for the sale of the remaining 22% stake in IT Competence Group SE were agreed for the next 3 years.

From April 2019, the investment in IT Competence Group SE will no longer be consolidated. As a result of these disposals Navigator Equity Solutions SE already achieved a clearly positive earnings contribution in the lower single-digit million range in the first quarter of 2019.

With the strength of the group's balance sheet and strong cash generation, we have every reason to be confident of further progress for the group thereafter.

Before closing, and on behalf of the Board, I want to thank the employees of the group including IT Competence Group. I and my fellow Supervisory Directors remain strongly convinced of the potential for your company. Looking back, it has been a year of steady progress and achievement. We now look to 2019 with confidence based on the existing programs in which we are engaged.

Waalre, May 16, 2019

Robert KäB

Managing Director

### **Fiscal year 2018 at a glance**

Total Revenues

2018 € 25.0m

2017 € 21.8m

Gross Margin

2018 € 18.6m

2017 € 16.6m

EBIT

2018 € 1,0m

2017 € -1.1m

Result after Tax

2018 € 1.8m

2017 € -0,4m

Total assets

2018 € 13,8m

2017 € 9,2m

### **The Company**

Navigator Equity Solutions SE is committing funds to both majority and minority investments of different size and at different stages of the company life cycle - including start-ups and special situation businesses.

Through its operating subsidiaries Navigator Equity Solutions SE is currently active in several different industries, including Financial Services and IT Services. Additionally, Navigator Equity Solutions SE holds a number of minority investments in both publicly listed and privately held companies.

Currently, Navigator Equity Solutions SE has operating activities in three industries.

The Financial Services business is comprised in The ACON Group SE and its subsidiaries ACON Actienbank AG and ACON Research and Services GmbH.

The IT Services business is comprised in IT Competence Group SE. Currently, the Group's operational business is based in Germany. In line with a buy and build strategy, the holding focuses on the acquisition, development and administration of the individual companies. The strategic objective of IT Competence Group SE is to offer its customers ideal solutions for their information technology requirements and to offer comprehensive support in the planning and implementation of the latest technologies.

Several Investments are made by Navigator Equity Solutions SE including the setup of two listed shell companies.

## **Management**

Navigator Equity Solutions SE is organised as a Dutch limited liability company with a two-tier board structure. The company's management consists of a Management Board ("Raad van Bestuur") and a Supervisory Board ("Raad van Commissarissen").

- Board of Directors

Robert Käb

Robert Käb joined the Management Board of Navigator Equity Solutions SE in November 2008. He is also one of the founding partners of the consulting company The ACON Group SE. He founded AdVal Capital Management AG in 1998, a Munich-based consulting company specialised in the field of finance. In his capacity as CEO of AdVal he invested in several technology companies and advised six companies on their way to IPO. He started his career as a management consultant with KPMG. Robert Käb holds a Master in Business Administration from LMU in Munich.

- Supervisory Board

Dr. Jens Bodenkamp

Dr Bodenkamp is currently active as a Business Angel. Previously he was Managing Director of the ETF Group Deutschland GmbH, a wholly-owned subsidiary of the globally active venture capital firm ETF Group based in Lugano, Switzerland, responsible for the German language market segment. Previously Dr Bodenkamp directed Intel Corporation's broadband programme in Europe, responsible for strategy, strategic alliances, marketing and targeted investments in the broadband space.

Erich Hoffmann

Mr. Erich Richard Hoffmann is the Founder of ContTect GmbH. He currently serves as a Consulting Engineer and has also successfully supported a number of start-up companies since 2000. In the past Mr. Hoffmann designed test equipment for several applications and introduced inspection systems for CD, CD-R, MO, LD, LCD and MD formats plus physical optical disc checkers.

## **Shareholder structure**

By the end of the fiscal year 2018, the number of own shares held by Navigator Equity Solutions SE amounted to 1,976,104. The number of shares outstanding was 4,579,341.

## **Annual Shareholders' Meeting**

The Annual General Meeting of Navigator Equity Solutions SE for the fiscal year 2017 took place in Waalre, the Netherlands, on May 23, 2018. In total 27.24 % of the share capital was represented at the meeting. All items of the agenda were approved unanimously.

## **Development of Earnings, Asset and Financial Situation**

The consolidated financial statement have been prepared in accordance with Title 9 Book 2 of the Netherlands Civil Code.

### **Earnings situation**

#### - Revenue Development

In the fiscal year 2018, Navigator Equity Solutions Group generated total (net) revenues of 25.0m euros (2017: 21.8m euros). This represents an increase of 14,6%

#### - Earnings Development

In the fiscal year 2018, Navigator Equity Solutions Group generated a gross profit of 18.6m euros (2017: 13.8m euros). The gross margin amounted 74.4% (2015: 63.3%).

The Group's operating result (EBIT) amounted to 1.0m euros (2017: -1.1m euros).

Pre-tax earnings amounted to 2.1m euros (2017: -0.7 euros). After deduction of income tax and taking into account the result of participating interests income for the period amounted to 2.1 m euros (2017: 0.7m euros).

### **Asset Situation**

#### Balance Sheet

As of December 31, 2018, the Navigator Equity Solutions Group balance sheet total amounted to 13.8m euros (December 31, 2017: 9.2m euros).

The group's total fixed assets were increasing to 3.6m euros (2017: 1.6m euros). Current assets increased from 7.6m euros at the end of 2017 to 10.2m euros.

Total equity increased from 6.2m euros to 8.3m euros. Non-Current liabilities increased to 1.7m euros (2017: 0 euros). Current liabilities increased from 3.0m euros to 3.80m euros, consisting of trade payables amounting to 1.9m euros (2017: 1.3m euros), other liabilities of 1.5m euros (2017: 0.9m euros) and current tax liability of 0.5m euros (2017: 0.5m euros).

The equity ratio has decreased from 67.1% in 2017 to 60.1% in 2018. The equity-to-fixed-assets ratio amounted to 228% (2017 391%), indicating a proper long-term financing of the fixed assets. Therefore, long-term assets are still more than sufficiently financed through long-term capital.

The cash flow amounts to EUR 1.7m euros in 2018. This is mainly due to the positive development of IT Competence Group SE and the sale of ACON Actienbank AG. The cash position at the end of the financial year is strong at 4.4m euros.

#### *Research and development*

Navigator Equity Solutions SE is an investment firm with investments in primarily IT and Financial Services. Navigator Equity Solutions SE does not have significant Research & Development activities.

### **Employees**

Our workforce is our greatest asset - our aim is to be an employer of choice. Our values of respect, honesty and courage, customer focus, results and execution underpin the way in which we do business. As of December 31, 2018, the number of employees at Navigator Equity Solutions Group amounted to 214 (2017: 212).



**Board Remuneration**

The Board of Directors and management of the operating companies received a competitive remuneration in 2018. Total remuneration amounted to 0.85m euros (2018: 0.68m euros).

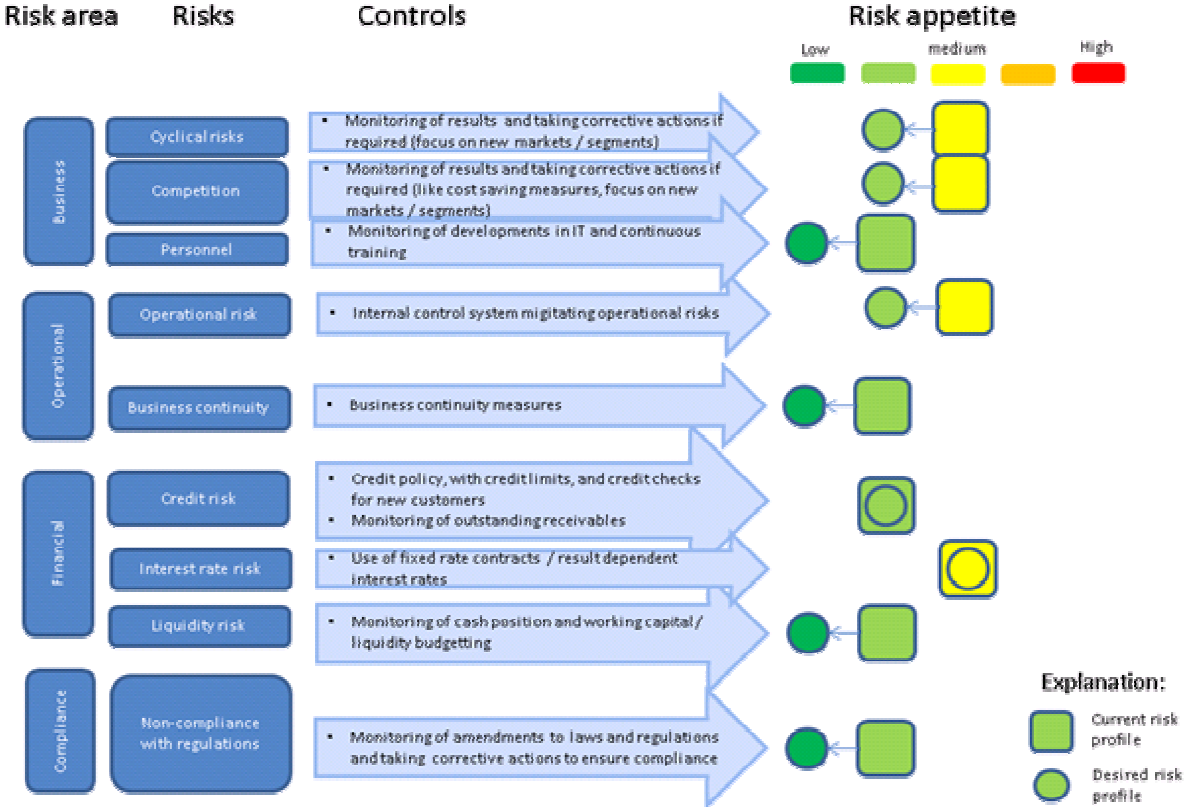
**Risk management system**

Navigator Equity Solutions SE future business development will always be influenced by both elements of chance and risk. Our risk management system serves to recognise, observe and communicate both chance and risk. This ensures the punctual delivery of information to the relevant decision makers so that the development of suitable measures to both utilise chance and contain risk can be implemented.

Navigator Equity Solutions SE strives for a balance between returns and risks, and continuously assesses where the identified risks also offer opportunities. Managing business risks is a continuous process that is conducted by the Board of Directors and local management. Risks are considered against the backdrop of the adopted strategy. The risk management process is designed to identify potential events that impact the business and the business results and to control risks to ensure that they remain within pre-defined margins. The internal control system offers a reasonable degree of certainty that the business objectives will be realized, is deemed to be in line with the size of the business and is regularly reviewed for improvement and corrective actions.

**Risk appetite for significant risks identified**

The Board of Directors determines the Company's current risk profile in periodical risk assessments, which is evaluated and compared to its desired risk profile. If the current risk profile exceeds the desired risk profile, action plans are prepared to reduce risk exposure. The table below shows the Company's risk appetite for the significant risks identified.



#### Cyclical Risks

The economic development of participations is linked to the general development of the economic situation in Germany, the EU and worldwide as well as the market development of individual industries which may also have an adverse effect on the state of investments.

#### Risks of Selling and Pricing

The ability to sell participations depends on numerous factors including the development of the economic situation in general and the industry in particular.

#### Legal Risks

Amendments to laws and/or regulations may have a positive or a negative effect on a company's market activities.

#### Pre-investment Analysis Risks

Navigator Equity Solutions SE focuses on enterprises with above average growth and profit potential as well as undervalued companies. Therefore, prior to making an investment decision, Navigator Equity Solutions SE is carrying out a detailed analysis of the potential Investee to determine whether it meets these investment criteria or not. Despite of all analyses, the business development of the acquired companies is hardly predictable.

#### Reorganisation Risks

As soon as we have acquired interests in a company, we directly and actively support the operational business until a sustained turnaround can be achieved. However, a reorganisation may also fail due to a variety of factors.

#### Management Risks

Navigator Equity Solutions SE usually acquires participations in enterprises in special situations which can in many cases be acquired at favourable prices and often show attractive appreciation potential. The selection, reorganisation and management of the Investees are carried out by a Best Practice Team, a team that is equipped with its own staff either employed or permanently associated with Navigator Equity Solutions SE. Therefore, the company depends to a large extent on the expertise and skills of these people.

#### Operational risks

All internal processes and systems are covered by our internal procedures. Business continuity measures are in place. We expect no financial loss due to failing of these processes.

#### Financial risks and the use of financial instruments

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, interest rate risk and liquidity risk. The Company's risk management focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Exposure to credit, interest rate and liquidity risk arises in the normal course of the Company's business:

- Credit risk: The Company has strict policies and procedures in place regarding collecting receivables from debtors.
- Interest rate risk: Interest risk represents the risk of fluctuations in the amounts of interest-bearing loans resulting from changes in the market interest rates. The Company reduces its interest rate risk by entering into fixed rate contracts and contracts with result dependent interest rates.
- Liquidity risk: Looking at the current liquidity position, cash flows, 2017 budget, and business plans for the coming years, management believes that the cash generated will be adequate to secure the continuity of the company's operations. Following the financial statements, the Company's financing structure is healthy. Liquidity and cash flow risks are low.

#### Compliance risks

Amendments to laws and/or regulations may have a positive or a negative effect on the Company's market activities. The Company monitors amendments to laws and regulations and takes corrective actions to ensure continuous compliance.

#### Quantification of risks on result and financial position

As the risks identified are difficult to quantify, we were not able to determine the impact of these risks on result and financial position, were the risks to materialize.

#### Risks and uncertainties which materialized the financial year 2018

There were no significant risks or uncertainties that materialized during 2018.

#### Improvements to the risk management system

The risk management methodology meets the requirements of the Board of Directors. During the financial year 2018 no changes were made to the risk management system.

### **Corporate social responsibility**

The Company complies to all labor laws and regulations. To ensure the health and safety of employees is, continuous training in work safety is given to all employees.

## **Outlook 2019**

In the first months of fiscal year 2019 Navigator Equity Solutions SE has executed various strategic measures. Navigator Equity Solutions SE has sold the remaining 20% in ACON Actienbank AG and furthermore sold 51% of the participation in IT Competence Group SE to audius AG. Options for the sale of the remaining 22% stake in IT Competence Group SE were agreed for the next 3 years.

From April 2019, the investment in IT Competence Group SE will no longer be consolidated. As a result of these disposals Navigator Equity Solutions SE already achieved a clearly positive earnings contribution in the lower single-digit million range in the first quarter of 2019.

We expect our results to increase in 2019 when compared to 2018 due to the sale of some of our participations.

## **Internal Control and Management Statement**

With due observance of the limitations that are inevitably inherent in any risk management and internal control system, our internal risk management and control systems provide reasonable assurance that our financial reports are free of material misstatement.

The phrase "reasonable assurance" is taken to mean the level of assurance that would be provided by a director acting with due care under the given circumstances. The set of procedures involving the internal risk management and control systems, and the related findings, recommendations and measures have been discussed with the Supervisory Board and the independent external auditor.

In addition, we declare, based on Article 5.25c Wet op het financieel toezicht (Wft), that to the best of our knowledge and in accordance with the applicable reporting principles:

- the consolidated financial statements of 2018 give a true and fair view of the assets, liabilities, the financial position and the profit and loss of Navigator Equity Solutions SE and its consolidated operations; and
- the management report includes a true and fair review of the position as per 31 December 2018 and of the development and performance during 2018 of Navigator Equity Solutions SE and its related participations of which the data have been included in the financial statements, together with a description of the relevant risks of which the Navigator Equity Solutions SE is being confronted.

Waalre, May 16, 2019

Robert Käb

## **FINANCIAL STATEMENTS**

# 1 CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2018

(after appropriation of results)

	December 31, 2018		December 31, 2017	
	€	€	€	€
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Intangible fixed assets	(1)	59,030	110,736	
Tangible fixed assets	(2)	72,784	99,420	
Investment properties	(3)	2,860,200	-	
Financial fixed assets	(4)	945,412	1,357,452	
		3,937,426		1,567,608
<b>CURRENT ASSETS</b>				
<b>Receivables, prepayments and accrued income</b>				
	(5)			
Trade receivables		2,701,587	1,929,335	
Receivables from participants and from companies in which participation takes place		-	510,316	
Taxes and social securities		2,748	-	
Other receivables, deferred assets		236,698	954,956	
		2,941,033		3,394,607
<b>Securities</b>	(6)	2,504,212	1,558,903	
<b>Cash and cash equivalents</b>		4,434,664	2,663,332	
		9,879,909		7,616,842
		<u>13,817,335</u>	<u>9,184,450</u>	

	December 31, 2018		December 31, 2017	
	€	€	€	€
<b>LIABILITIES</b>				
<b>GROUP CAPITAL</b> (7)				
Group equity	8,687,845		6,867,818	
Third-party share in group equity	<u>-380,073</u>		<u>-703,682</u>	
		8,307,772		6,164,136
<b>NON-CURRENT LIABILITIES</b> (8)				
Finance company debt		1,631,250		-
<b>CURRENT LIABILITIES</b> (9)				
Bank overdrafts		-	222,380	
Repayment obligation long-term debt	45,000			-
Trade creditors	1,862,650		1,346,031	
Payables to other related parties	303			-
Taxes and social securities	501,166		522,753	
Other liabilities and Accruals and deferred income	<u>1,469,194</u>		<u>929,150</u>	
		3,878,313		3,020,314
		<u>13,817,335</u>		<u>9,184,450</u>

## 2 CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2018

		2018		2017	
		€	€	€	€
<b>Net turnover</b>	(10)	25,048,995		21,849,673	
Movement of work in progress		-59,514		112,597	
Purchase value net turnover		6,365,040		5,359,711	
<b>Gross margin</b>			18,624,441		16,602,559
Employee expenses	(11)	14,342,300		13,765,071	
Amortisation and depreciation	(12)	132,633		130,687	
Other operating expenses		3,122,254		3,820,625	
			17,597,187		17,716,383
<b>Operating result</b>			1,027,254		-1,113,824
Income of non-current receivables and of securities		1,202,413		400,653	
Interest and similar income		35,793		44,505	
Change in value of participating interests		125,981		-11,697	
Interest and similar expenses		-246,538		-57,666	
<b>Financial income and expenses</b>			1,117,649		375,795
<b>Result from normal operations before tax</b>			2,144,903		-738,029
Taxation on result of ordinary activities	(13)		-230,345		173,606
			1,914,558		-564,423
Result from participations (valued at net asset value)	(14)		238,360		-100,551
<b>Result from normal operations after tax</b>			2,152,918		-664,974
Share of minority interest in result	(15)		-332,889		268,486
<b>Result after tax</b>			1,820,029		-396,488



### 3 CONSOLIDATED CASH FLOW STATEMENT 2018

The cash flow statement has been prepared using the indirect method.

	2018		2017	
	€	€	€	€
<b>Cash flow from operating activities</b>				
Operating result	1,027,254		-1,113,824	
Adjustments for:				
Amortisation and depreciation	132,633		130,687	
Movement of working capital:				
Movement of accounts receivable	-772,252		1,555,140	
Movement of short-term liabilities (excluding short-term part of long-term debts)	809,946		-836,368	
Cash flow from operations		1,197,581		-264,365
Interest paid and received	-210,745		-13,159	
Corporate income tax	-39,945		116,676	
Income of non-current receivables and of securities	11,758		110,338	
Change in value of participating interests	125,981		-	
		-112,951		213,855
<b>Cash flow from operating activities</b>		1,084,630		-50,510
<b>Cash flow from investing activities</b>				
Investments in intangible fixed assets	-		-15,333	
Investments in tangible fixed assets	-56,640		-61,602	
Investments in investment property	-2,580,000		-280,200	
Divestments group companies	-		-11,697	
Disposal of intangible fixed assets	-		4,334	
Disposal of tangible fixed assets	2,349		14,852	
Investments in financial fixed assets and securities	1,362,254		-221,325	
Divestments of financial fixed assets and securities	291,770		1,311,414	
<b>Cash flow from investing activities</b>		-980,267		740,443

	2018		2017	
	€	€	€	€
<b>Cash flow from financing activities</b>				
Repurchase shares	-		108,000	
Movement of minority interests	-9,281		-	
Proceeds from borrowings	1,710,000		-	
Repayment on borrowings	-33,750		-	
<b>Cash flow from financing activities</b>		1,666,969		108,000
<b>Cash flow from financing activities</b>				
Financing activities		-		-
		<u>1,771,332</u>		<u>797,933</u>

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### GENERAL

#### Activities

Navigator Equity Solutions SE (CoC file 17170160) is a société européenne domiciled in The Netherlands. The address of the company's registered office is Laan van Diepenvoorde 3, 5582 LA Waalre. The company is a publicly listed investment company with an investment focus on majority and minority participations in European service companies. Through its subsidiaries, the group is active in the financial services and IT services industries.

#### Group structure

Navigator Equity Solutions SE in Waalre is the head of a group of legal entities.

In the financial statements of Navigator Equity Solutions SE the financial information is consolidated of Navigator Equity Solutions SE and the following group companies:

#### LIST OF PARTICIPATING INTERESTS

Name, statutory registered office	Share in issued capital	Included in consolidation
	%	
IT Competence Group SE Amsterdam	74.25	Yes
Elgin Road Property Holdings Ltd. Dublin	100.00	Yes

The company has the following participating interests which have been valued at net equity value:

Name, statutory registered office	Share in issued capital	Equity at the end of financial year	Current year result
	%	€	€
The Acon Group SE München	49.99	1.429.080	476.815

#### Estimates

In applying the principles and policies for drawing up the financial statements, the directors of Navigator Equity Solutions SE make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

## **Consolidation**

The consolidation includes the financial information of Navigator Equity Solutions SE, its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which Navigator Equity Solutions SE exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly as per balance sheet date are also taken into account.

Group companies and other entities in which Navigator Equity Solutions SE exercises control or whose central management it conducts are consolidated in full. Participating interests in group equity and group result are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are also eliminated, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

## **GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS**

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

### **Functional currency**

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of Navigator Equity Solutions SE.

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement. Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

## **PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES**

### **Intangible fixed assets**

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its recoverable amount. With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to the relevant section.

### **Tangible fixed assets**

Tangible fixed assets are capitalised if the economic ownership held by the company, and its group companies, is governed by a financial lease agreement. The commitment arising from the financial lease agreement is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement.

### **Investment properties**

Investment properties are properties held to generate rental income, to achieve capital appreciation or both. Investment properties, including investment properties under construction, are valued initially at historical cost and subsequently at fair value. The details of this are, amongst others, based on the available market data and compiled by external appraisers.

Changes in value of investment properties are included in the income statement. In addition, a revaluation reserve is recognised and charged against Other reserves. The revaluation reserve is recognised for the positive difference between the fair value and initial historical or production cost (excluding any depreciation or impairment costs) and after deduction of relevant (deferred) tax liabilities. Investment properties are not depreciated.

### **Financial fixed assets**

Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of an associate based on the net asset value is negative, it will be stated at € 1. If and insofar as Navigator Equity Solutions SE can be held fully or partially liable for the debts of the associate, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this. Newly acquired associates are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the associate has changed since the previous financial statements as a result of the net result achieved by the associate is recognised in the income statement.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction cost (if material). These receivables are subsequently valued at amortised cost. For determining the value, any impairments are taken into account.

Deferred income tax assets relate to unutilised tax losses and are valued at nominal value. The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

### **Impairment of fixed assets**

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit; these cash flows are discounted, based on a market-based discount rate.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised through profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

### **Work in progress**

Construction contracts commissioned by third parties comprises the balance of project costs realised, and if applicable, recognised losses and instalments already invoiced. Construction contracts are separately presented in the balance sheet under current assets. If it shows a credit balance, this will be presented under current liabilities. Expenditure relating to project costs for work not yet performed is recognised under inventories.

### **Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

### **Securities**

Securities are recognised initially at fair value. Securities which are held for trading are carried at fair value after initial recognition. Changes in the fair value are recognised directly in the income statement.

The equity instruments included under securities (not listed), which are not held for trading, are carried at cost. If the fair value of an individual security should drop below its cost price, the impairment is recognised in the income statement.

### **Cash and cash equivalents**

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

### **Current liabilities**

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

## **ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT**

### **Determination of the result**

The result is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

### **Net turnover**

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated in the same period.

The progress made on the contract is determined based on the contract costs incurred as at the balance sheet date in proportion to the total estimated contract costs. If the result of the contract cannot (yet) be estimated reliably, the revenue is recognised in the income statement for the amount of the contract costs incurred from which it is likely that they can be recovered; the contract costs are then recognised in the income statement for the period in which they were incurred.

### **Purchase value net turnover**

Purchase value net turnover represents the direct and indirect expenses attributable to revenue and mainly relate to purchase expenses related to the services rendered.

### **Employee expenses**

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively. The company applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the result.

### **Amortisation and depreciation**

Intangible fixed assets and tangible fixed assets are amortised and depreciated from the date of when they are available for use, based on the estimated economic life / expected future useful life of the asset.

### **Financial income and expenses**

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. Changes in the value of financial instruments recognised at fair value (securities) are recorded in the profit and loss account.

### **Result from participations (valued at net asset value)**

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to Navigator Equity Solutions SE.



## **Taxes**

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

## 5 NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2018

### Fixed assets

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>1. Intangible fixed assets</i>		
Client lists and other intangible fixed assets	<u>59,030</u>	<u>110,736</u>
		Client lists and other intangible fixed assets
		€
<i>Carrying amount as of January 1, 2018</i>		
Purchase price		246,251
Cumulative depreciation		<u>-135,515</u>
		<u>110,736</u>
<i>Movement</i>		
Divestments (purchase price)		-20,679
Divestments (Cumulative depreciation)		20,679
Amortization		<u>-51,706</u>
		<u>-51,706</u>
<i>Carrying amount as of December 31, 2018</i>		
Purchase price		225,572
Cumulative depreciation		<u>-166,542</u>
		<u>59,030</u>
<i>Amortisation rates</i>		
		%
Client lists and other intangible fixed assets		25
	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>2. Tangible fixed assets</i>		
Plant and machinery	8,438	11,324
Other tangible fixed assets	<u>64,346</u>	<u>88,096</u>
	<u>72,784</u>	<u>99,420</u>

	Plant and machinery	Other tangible fixed assets	Total
	€	€	€
<i>Carrying amount as of January 1, 2018</i>			
Purchase price	70,744	480,250	550,994
Cumulative depreciation and impairment	-59,420	-392,154	-451,574
	<u>11,324</u>	<u>88,096</u>	<u>99,420</u>
<i>Movement</i>			
Investments	-	56,640	56,640
Divestments (Purchase price)	-31,160	-152,235	-183,395
Divestments (Cumulative depreciation)	31,160	149,886	181,046
Depreciation	-2,886	-78,041	-80,927
	<u>-2,886</u>	<u>-23,750</u>	<u>-26,636</u>
<i>Carrying amount as of December 31, 2018</i>			
Purchase price	39,584	384,655	424,239
Cumulative depreciation	-31,146	-320,309	-351,455
Carrying amount as of December 31, 2018	<u>8,438</u>	<u>64,346</u>	<u>72,784</u>
<i>Depreciation rates</i>			
			%
Plant and machinery			10-20
Other tangible fixed assets			10-20

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>3. Investment properties</i>		
Investment properties	<u>2,860,200</u>	<u>-</u>
		<u>Investment properties</u>
		€
Carrying amount as of January 1, 2018		-
Investment		<u>2,860,200</u>
Boekwaarde per December 31, 2018		<u>2,860,200</u>

All investment property is owned by the Group and held to realise rental income or for capital appreciation. This property is not used for the production process or for the delivery of goods and services or in any other own use.

The fair value of investment property is determined by independent, professionally skilled external surveyors. The value at year-end is determined based on open-market value assessments, while taking account of the size, nature and use of the property. The fair value of the investment property amounts to € 2,820,000.

The following amounts relating to investment properties are accounted for in the income statement:

	<u>2018</u>	<u>2017</u>
	€	€
Rental income	99,800	-
Operating expenses for assets generating rental income	<u>-13,800</u>	<u>-</u>
	<u>86,000</u>	<u>-</u>

The Group had no contractual investment obligations with regard to investment property at the balance sheet date.

All rental contracts have a duration of one year or less. Rental income to be received within one year amounts to € 57.000.

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>4. Financial fixed assets</i>		
Investments in associates	626,212	387,852
Receivables from associates and other related parties	-	760,000
Other receivables	<u>319,200</u>	<u>209,600</u>
	<u>945,412</u>	<u>1,357,452</u>

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>Investments in associates</i>		
The Acon Group SE	<u>626,212</u>	<u>387,852</u>
	<u>2018</u>	<u>2017</u>
	€	€
<i>The Acon Group SE</i>		
Carrying amount as of January 1	387,852	352,460
Share in result	238,360	-2,911
Investment	-	38,303
Carrying amount as of December 31	<u>626,212</u>	<u>387,852</u>

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>Receivables from associates and other related parties</i>		
The Acon Group SE	-	560,000
ACON Research & Services GmbH	-	200,000
	<u>-</u>	<u>760,000</u>

The interest charge on the receivables from the Acon Group SE was 4%. The loan is fully repaid in 2018.

The interest charge on the receivables from ACON Research & Services GmbH was 4%. The loan is fully repaid in 2018.

*Other receivables*

Deferred tax claims	19,200	209,600
Other loans	<u>300,000</u>	<u>-</u>
	<u>319,200</u>	<u>209,600</u>

The interest charge on the other loans is 3,6%. Repayment is due December 31, 2020.

	<u>Other loans</u>
	€
Carrying amount as of January 1, 2018	-
Share in result	<u>300,000</u>
Long-term part as of December 31, 2018	<u>300,000</u>

**Current assets**

5. *Receivables, prepayments and accrued income*

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>Trade receivables</i>		
Trade receivables	<u>2,701,587</u>	<u>1,929,335</u>
	<u>2,701,587</u>	<u>1,929,335</u>

Trade receivables all have a remaining term of less than 1 year, unless stated otherwise.

*Receivables from participants and from companies in which participation takes place*

The Acon Group SE	-	421,649
ACON Research & Services GmbH	-	88,667
	<u>-</u>	<u>510,316</u>

*Other receivables, deferred assets*

Other receivables, deferred assets	<u>236,698</u>	<u>954,956</u>
------------------------------------	----------------	----------------

6. *Securities*

Solvesta AG	-	41,921
Shopimore AG	-	221,645
Black Pearl Digital AG	2,017,908	760,000
Luyanta AG	391,500	212,525
Other listed securities	94,804	322,812
Total securities	<u>2,504,212</u>	<u>1,558,903</u>

Solvesta AG, Shopimore AG, Black Pearl Digital AG and Luyanta AG are considered related parties.

## 7. Group capital

### Group equity

Please refer to the notes to the non-consolidated balance sheet on page 41 of this report for an explanation of the equity.

	2018	2017
	€	€
<i>Third-party share in group equity</i>		
Carrying amount as of January 1	-703,682	-532,837
Share in result	332,889	-268,486
Movement due to change in % ownership	-9,280	97,641
Carrying amount as of December 31	<u>-380,073</u>	<u>-703,682</u>

## 8. Non-current liabilities

	12/31/2018	12/31/2017
	€	€
<i>Finance company debt</i>		
Mortgage loan	<u>1,631,250</u>	<u>-</u>

A mortgage loan was facilitated for an amount of € 1.710.000 with a term of 5 years.  
An amount of € 45.000 is due within one year, and € 1.631.250.000 within 1 to 5 years.  
The interest rate amounts to EURIBOR + 3.1%.

The following securities were provided for the loan:

- A debenture over Elgin Road property Holdings Limited;
- First legal charge over the Property;
- An assignment from of all of its rights, title, and interest in the lease in relation to the Property and all rental income payable to the Borrower pursuant to the Lease;
- Lien/charge to be taken over deposits totaling € 50,000 which represents capital and interest repayments for six months;

The following loan covenant is applicable: loan to value to be no greater than 70% for the duration of the facility.

	Mortgage loan
	€
Carrying amount as of January 1, 2018	-
Mortgage loan provided	1,710,000
Repayment	-33,750
Repayment obligations next financial year	-45,000
Long-term part as of December 31, 2018	<u>1,631,250</u>

## 9. Current liabilities

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>Repayment obligation long-term debt</i>		
Mortgage loan	<u>45,000</u>	<u>-</u>
<i>Trade creditors</i>		
Creditors	<u>1,862,650</u>	<u>1,346,031</u>
<i>Payables to other related parties</i>		
The Acon Group SE	<u>303</u>	<u>-</u>
<i>Other liabilities, accruals and deferred income</i>		
Deposits	12,770	-
Other accruals and deferred income	<u>1,456,424</u>	<u>929,150</u>
	<u>1,469,194</u>	<u>929,150</u>

## Contingent liabilities

### *Off-balance sheet commitments*

#### *Lease and rental obligations*

The company and its group companies have liabilities arising from rental and lease commitments, of less than 1 year of € 651,200. The liabilities arising from rental and lease commitments between 1 and 5 years amount to € 903,600. The liabilities arising from rental and lease commitments of more than 5 year amount to € 7,300.



## 6 NOTES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2018

### 10. Net turnover

The revenues increased in 2018 compared to 2017 with 14.6 %.

2018	2017
€	€

### 11. Employee expenses

Wages and salaries	12,219,727	11,656,057
Social security charges and pension costs	2,122,573	2,109,014
	<u>14,342,300</u>	<u>13,765,071</u>

### Staff

During the 2018 financial year, the average number of employees in the Group, converted into full-time equivalents, amounted to 214 (2017: 212). All employees are employed outside of the Netherlands.

Management's total remuneration approximated € 855,000 in 2018 (2017: € 681,000).

### 12. Amortisation and depreciation

Intangible fixed assets	51,706	54,715
Tangible fixed assets	80,927	75,972
	<u>132,633</u>	<u>130,687</u>

### 13. Taxation on result of ordinary activities

Corporate income tax	-39,945	-19,973
Movement of deferred tax assets	-190,400	193,579
	<u>-230,345</u>	<u>173,606</u>

### 14. Result from participations (valued at net asset value)

Share in result of participating interests	238,360	-2,911
Loss conversion loan	-	-97,640
	<u>238,360</u>	<u>-100,551</u>

### 15. Share of minority interest in result

Minority interests IT Competence Group SE	-231,297	157,917
Minority interest proMX GmbH	-101,592	110,569
	<u>-332,889</u>	<u>268,486</u>

**7 BALANCE SHEET AS AT DECEMBER 31, 2018**

(after appropriation of result)

	December 31, 2018		December 31, 2017	
	€	€	€	€
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Financial fixed assets	(16)	3,968,620		1,619,194
<b>CURRENT ASSETS</b>				
<b><i>Receivables, prepayments and accrued income</i></b>				
	(17)			
Trade receivables		-	20,000	
Receivables from group companies		255,417	1,395,298	
Receivables from participants and from companies in which participation takes place		-	510,316	
Taxes and social securities		2,748	942	
Other receivables, deferred assets		28,561	366,468	
		286,726		2,293,024
<b><i>Securities</i></b>	(18)	2,504,212		1,558,903
<b><i>Cash and cash equivalents</i></b>		2,118,686		1,466,962
<b>TOTAL OF ASSETS</b>		<b>8,878,244</b>		<b>6,938,083</b>

	December 31, 2018		December 31, 2017	
	€	€	€	€
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b> (19)				
Issued share capital	1,311,089		1,311,089	
Share premium reserve	20,198,673		20,198,673	
Other reserves	<u>-12,821,916</u>		<u>-14,641,945</u>	
		8,687,846		6,867,817
<b>CURRENT LIABILITIES</b> (20)				
Trade creditors	2,999		25,766	
Payables to other related parties	303		-	
Other liabilities, accruals and deferred income	<u>187,096</u>		<u>44,500</u>	
		190,398		70,266
<b>TOTAL OF EQUITY AND LIABILITIES</b>		<u>8,878,244</u>		<u>6,938,083</u>

## 8 COMPANY PROFIT AND LOSS ACCOUNT OVER 2018

		2018		2017	
		€	€	€	€
<b>Net turnover</b>	(21)		122,950		5,000
Employee expenses		284,000		59,000	
Other operating expenses		251,791		173,251	
			535,791		232,251
<b>Operating result</b>			-412,841		-227,251
Income of non-current receivables and of securities		1,202,413		400,653	
Interest and similar income	(23)	259,568		55,533	
Change in value of participating interests		125,981		-11,697	
Interest and similar expenses		-91,960		-4,425	
<b>Financial income and expenses</b>			1,496,002		440,064
<b>Result before tax</b>			1,083,161		212,813
Taxation on result of ordinary activities			-		-
Result from participations (valued at net asset value)	(24)		736,868		-611,801
<b>Result after tax</b>			1,820,029		-398,988

## 9 NOTES TO THE NON-CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2018

### Fixed assets

	12/31/2018	12/31/2017
	€	€
<i>16. Financial fixed assets</i>		
Participations in group companies	2	11
Investments in associates	626,212	387,852
Receivables from group companies	3,042,406	471,331
Receivables from associates and other related parties	-	760,000
Other receivables	300,000	-
	<u>3,968,620</u>	<u>1,619,194</u>

#### *Participations in group companies*

IT Competence Group SE at Amsterdam	1	1
Elgin Road Property Holdings Ltd. at Dublin (100%)	1	10
	<u>2</u>	<u>11</u>

For the negative equity of IT Competence Group SE, amounting to € 1,425,743 (2017: 2,218,668), an amount of € 1,425,744 is deducted from the outstanding loan to the subsidiary. The subsidiary is not valued less than € 1. The share in the result of IT Competence Group SE amounts to € 666,943.

For the negative equity of Elgin Road property Holdings Ltd, amounting to € 168,425 (2017: nil), an amount of € 168,426 is deducted from the outstanding loan to the subsidiary. The subsidiary is not valued less than € 1. The share in the result of Elgin Road Property Holdings Ltd. amounts to € -168,435.

	2018	2017
	€	€
<i>IT Competence Group SE</i>		
Carrying amount as of January 1	-2,218,668	-2,032,010
Change in ownership	125,982	-
Conversion loan to share premium	-	302,360
Share in result	666,943	-489,018
Provision loan	1,425,744	2,218,669
Carrying amount as of December 31	<u>1</u>	<u>1</u>

#### *Elgin Road Property Holdings Ltd.*

Carrying amount as of January 1	10	-
Investments	-	10
Share in result	-168,435	-
Provision loan	168,426	-
Carrying amount as of December 31	<u>1</u>	<u>10</u>

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>Investments in associates</i>		
The Acon Group SE	<u>626,212</u>	<u>387,852</u>

	<u>2018</u>	<u>2017</u>
	€	€
<i>The Acon Group SE</i>		
Carrying amount as of January 1	387,852	352,460
Share in result	238,360	-2,911
Investment	-	38,303
Carrying amount as of December 31	<u>626,212</u>	<u>387,852</u>

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>Receivables from group companies</i>		
IT Competence Group SE at Amsterdam	2,060,632	171,331
ITCG AG at München	-	300,000
Elgin Road Property Holdings Ltd. at Dublin (100%)	981,774	-
	<u>3,042,406</u>	<u>471,331</u>

For 2018 the interest charge on the receivables from IT Competence Group SE is between 2% and 3%. Repayment is due December 31, 2020.

The interest charge on the receivables from ITCG AG is 3%. The loan was fully repaid in 2018.

The interest charge on the receivables from Elgin Road Property Holdings Ltd is 6%. Repayment is due December 31, 2025.

	<u>2018</u>	<u>2017</u>
	€	€
<i>IT Competence Group SE</i>		
Carrying amount as of January 1	2,390,000	2,790,000
Conversion short term to long term loan	1,096,376	-
Conversion loan to share premium IT Competence Group SE	-	-400,000
Provision loan due to negative equity	-1,425,744	-2,218,669
Carrying amount as of December 31	<u>2,060,632</u>	<u>171,331</u>

<i>ITCG AG</i>		
Carrying amount as of January 1	300,000	300,000
Repayment	-300,000	-
Carrying amount as of December 31	<u>-</u>	<u>300,000</u>

	<u>2018</u>	<u>2017</u>
	€	€
<i>Elgin Road Property Holdings Ltd.</i>		
Carrying amount as of January 1	-	-
Movement	1,150,200	-
Provision loan due to negative equity	-168,426	-
Carrying amount as of December 31	<u>981,774</u>	<u>-</u>

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>Receivables from associates and other related parties</i>		
The Acon Group SE	-	560,000
ACON Research & Services GmbH	-	200,000
	<u>-</u>	<u>760,000</u>

The interest charge on the receivables from the Acon Group SE was 4%. The loan is fully repaid in 2018.

The interest charge on the receivables from ACON Research & Services GmbH was 4%. The loan is fully repaid in 2018.

*Other receivables*

Other loans	<u>300,000</u>	<u>-</u>
-------------	----------------	----------

The interest charge on the other loans is 3,6%. Repayment is due December 31, 2020.

**Current assets**

*17. Receivables, prepayments and accrued income*

*Trade receivables*

Trade receivables	<u>-</u>	<u>20,000</u>
	<u>-</u>	<u>20,000</u>

Trade receivables all have a remaining term of less than 1 year, unless stated otherwise.

Navigator Equity Solutions SE  
Waalre

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>Receivables from group companies</i>		
IT Competence Group SE	-	1,096,376
Elgin Road Property Holdings Ltd	253,790	280,190
ITCG AG	1,627	18,732
	<u>255,417</u>	<u>1,395,298</u>
 <i>Receivables from participants and from companies in which participation takes place</i>		
The Acon Group SE	-	421,649
ACON Research & Services GmbH	-	88,667
	<u>-</u>	<u>510,316</u>
 <i>18. Securities</i>		
Solvesta AG	-	41,921
Shopimore AG	-	221,645
Black Pearl Digital AG	2,017,908	760,000
Luyanta AG	391,500	212,525
Other listed securities	94,804	322,812
Total securities	<u>2,504,212</u>	<u>1,558,903</u>

Solvesta AG, Shopimore AG, Black Pearl Digital AG and Luyanta AG are considered related parties.



19. **Equity**

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>Issued share capital</i>		
Subscribed and paid up 6,555,445 ordinary shares at par value € 0.20	<u>1,311,089</u>	<u>1,311,089</u>
	<u>2018</u>	<u>2017</u>
	€	€
<i>Share premium reserve</i>		
Carrying amount as of January 1	<u>20,198,673</u>	<u>20,198,673</u>
Carrying amount as of December 31	<u>20,198,673</u>	<u>20,198,673</u>
<i>Other reserves</i>		
Carrying amount as of January 1	-14,641,945	-14,350,957
Allocation of financial year net result	1,820,029	-398,988
Own shares acquired/sold	-	108,000
Carrying amount as of December 31	<u>-12,821,916</u>	<u>-14,641,945</u>

At December 31, 2018 the number of own shares held by Navigator Equity Solutions SE amounted to 1,976,104 which have a value of € 2,865,351.

20. **Current liabilities**

	<u>12/31/2018</u>	<u>12/31/2017</u>
	€	€
<i>Payables to other related parties</i>		
The Acon Group SE	<u>303</u>	<u>-</u>
<i>Other liabilities, accruals and deferred income</i>		
Other accruals and deferred income	<u>187,096</u>	<u>44,500</u>

## 10 NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT 2018

### 21. Net turnover

The revenues increased in 2018 compared to 2017 with 2359.0%.

### Staff

During the 2018 financial year the company had no employees.

Management's total remuneration approximated € 275,000 in 2018 (2017: € 59,000).  
Supervisory board's total remuneration approximated € 9,000 in 2018 (2017: € 9,000).

### Other operating expenses

	2018	2017
	€	€
22. <i>General expenses</i>		
Other general expenses	251,791	173,251

### Financial income and expenses

#### 23. Interest and similar income

Other interests and income	10,800	12,262
Interest from group companies	248,768	43,271
	<u>259,568</u>	<u>55,533</u>

#### 24. Result from participations (valued at net asset value)

Share in result of participating interests	736,868	-514,161
Loss conversion loan	-	-97,640
	<u>736,868</u>	<u>-611,801</u>

## **OTHER DISCLOSURE**

### **Post balance sheet events**

On 15 March 2019 Navigator Equity Solutions SE sold approximately 51% of the shares in IT Competence Group SE to audius AG retroactively as per 1 January 2019. In addition, call and put options were agreed with audius AG for the remaining shares of around 22% which will expire over the next three years. Furthermore, € 1,4 million of the long term loan from Navigator Equity Solutions SE to IT Competence Group SE was converted in share premium. Total proceeds from the sale of 51% of the shares of IT Competence Group SE amount to EUR 4 million. As Navigator Equity Solutions SE lost control over IT Competence Group SE as per 15 March 2019, the figures of over IT Competence Group SE will no longer be consolidated by Navigator Equity Solutions SE as of this date.

### **Appropriation of the result for the 2017 financial year**

The financial statements 2017 was adopted by the General Shareholders Meeting. The General Shareholders Meeting has determined the appropriation of the result as it was proposed.

### **Appropriation of the profit for 2018**

The board of directors proposes to add the profit for 2018 of € 1,820,029 to the other reserves. This proposal has been processed in the financial statements in advance of the adoption by the General Meeting.

### **Signing of the financial statements**

Waalre, May 16, 2019

#### **Management board**

Robert Käb

#### **Supervisory board**

E.R. Hoffman

J. Bodenkamp

## **OTHER INFORMATION**

### **1 STATUTORY APPROPRIATION OF PROFIT**

Based on article 17 of the statutes the result is at disposal of the General Shareholders Meeting which can allocate the profit wholly or partly to the general or specific reserve funds.

The company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Article 17 of the company's Articles of Association:

1. Following the prior approval of the supervisory board, the management board is authorised to reserve such a portion of the profit as it deems necessary, with due observance of the obligation to retain statutory reserves, or any reserves prescribed by these articles.
2. Any profit remaining following the reserves retained in the foregoing paragraph is placed at the disposal of the general meeting. A resolution to distribute profits in cash shall be adopted by the general meeting of shareholders by more than half of the votes cast. A resolution to distribute profits in kind shall be adopted by the general meeting of shareholders with a majority of at least ninety-five percent (95%) of the votes cast, provided that at least fifty percent (50%) of the issued share capital is represented at the general meeting of shareholders.
3. Other than by adoption of the annual accounts, the general meeting is authorised to cancel the reserves, either wholly or in part, at the proposal of the management board, which proposal is approved by the supervisory board. A deficit may only be offset against the reserves prescribed by law to the extent that this is allowed by law.
4. The company may only pay out to shareholders and other entitled parties any profit subject to distribution to the extent that its equity capital exceeds the amount of the paid and called-up portion of the capital plus the reserves that must be retained by law or in accordance with the articles of association.
5. In calculation the profit distribution, shares that the company holds in its own capital do not count and no profit is distributed in respect of them except if and to the extent that the shares in question are encumbered with a right of usufruct established by the company at the time they were acquired. These shares do not confer any right to a share in the balance left after winding-up either.

## 2 INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Navigator Equity Solutions SE

### A. Report on the audit of the financial statements 2018 included in the annual report

#### **Our opinion**

We have audited the financial statements 2018 of Navigator Equity Solutions SE, based in Waalre.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Navigator Equity Solutions SE as at December 31, 2018 and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at December 31, 2018;
2. the consolidated and company profit and loss account for 2018; 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 Navigator Equity Solutions SE in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### B. 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 that consists of:

- The management board's report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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 substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

*C. Description of responsibilities regarding the financial statements*

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, 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.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 assignment 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.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Waalre, May 16, 2019

Stroeken B.V.

Signed by F.A.A. Stroeken RA