Navigator Equity Solutions SE
Waalre

Annual report 2017

CONTENTS

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 2017 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 2017 of IT Competence Group SE was characterized by reorganization and focusing on profitable business. Unfortunately, the investments made in 2016 did not bring the desired success. IT Competence Group SE started with a very weak first half of 2017, with the consequence that two subsidiaries had to be restructured. The positive aspect is that the companies have emerged stronger and the second half of the year was again overall slightly positive. The Management Board of Navigator Equity Solutions remains convinced that IT Competence Group SE has the right strategy, a strong customer base and the right skills to realize its true potential. Resume the result of the past year, we recognized it as a very difficult year, but we are now looking forward to 2018 with confidence: a strong order backlog, a good project pipeline and outstanding employees as our largest asset will lead the Group back to success. This success will be reflected in positive results and sales growth.

Our minority participation in The ACON Group SE announced on December 23,2017 that it entered in an agreement to sell 80% of the participation of ACON Actienbank AG. This agreement is under condition of the approval of the german authorities. Closing of the transaction is expected during the year 2018.

Navigator Equity Solutions SE entered over the 100% subsidiary Elgin Road Property Holdings Ltd. in an agreement to buy a property in Dublin by end of 2017. The transaction was closed in beginning of 2018. Navigator Equity Solutions SE expects a positive development of the property market in Dublin over the next few years.

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.

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 coming year, we expect Navigator's expansion to continue. 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 2018 with confidence based on the existing programs in which we are engaged and the depth of order backlog we have secured.

Waalre, May 4, 2018

Robert Käß

Managing Director

Fiscal year 2017 at a glance

Total Revenues
2017 € 22.0m
2016 € 25.0m

Gross Margin
2017 € 16.6m
2016 € 16.9m

EBIT
2017 € -1.11m
2016 € -0.35m

Result after Tax
2017 € -0.40m
2016 € 0.56m

TOTAL assets
2017 € 9.2m
2016 € 10.5m

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 Käß

Robert Käß 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 Käß 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 2017, 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 August 1, 2017. In total 34,53% 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 2017, Navigator Equity Solutions Group generated total (net) revenues of 22.0m euros (2016: 25.0m euros). This represents an decrease of 12,00%

- Earnings Development

In the fiscal year 2017, Navigator Equity Solutions Group generated a gross profit of 16.6m euros (2016: 16.9m euros). The gross margin amounted 75.5% (2016: 67.5%).

The Group's operating result (EBIT) amounted to -1.11m euros (2016: -0.35m euros).

Pre-tax earnings amounted to -0.74m euros (2016: 0.57m euros). After deduction of income tax and taking into account the result of participating interests income for the period amounted to -0.40m euros (2016: 0.56m euros).

Asset Situation

Balance Sheet

As of December 31, 2017, the Navigator Equity Solutions Group balance sheet total amounted to 9,2m euros (December 31, 2016: 10.5m euros).

The group's total fixed assets were slightly increasing to 1.85m euros (2016: 1.41m euros). Current assets decreased from 4.75m euros at the end of 2016 to 3,11m euros.

Total equity decreased from 6.6m euros to 6.2m euros. Current liabilities decreased from 3.9m euros to 3.0m euros, consisting of trade payables amounting to 1.3m euros (2016: 2.0 m euros), other liabilities of 0.9m euros (2016: 1.1m euros) and current tax liability of 0.5m euros (2016: 0.5m euros).

The equity ratio has increased from 63.14% in 2016 to 67.11% in 2017. The equity-to-fixed-assets ratio amounted to 334% (2016 469%), indicating a proper long-term financing of the fixed assets. Therefore, long-term assets are still more than sufficiently financed through long-term capital.

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, 2017, the number of employees at Navigator Equity Solutions Group amounted to 212 (2016: 202).

Board Remuneration

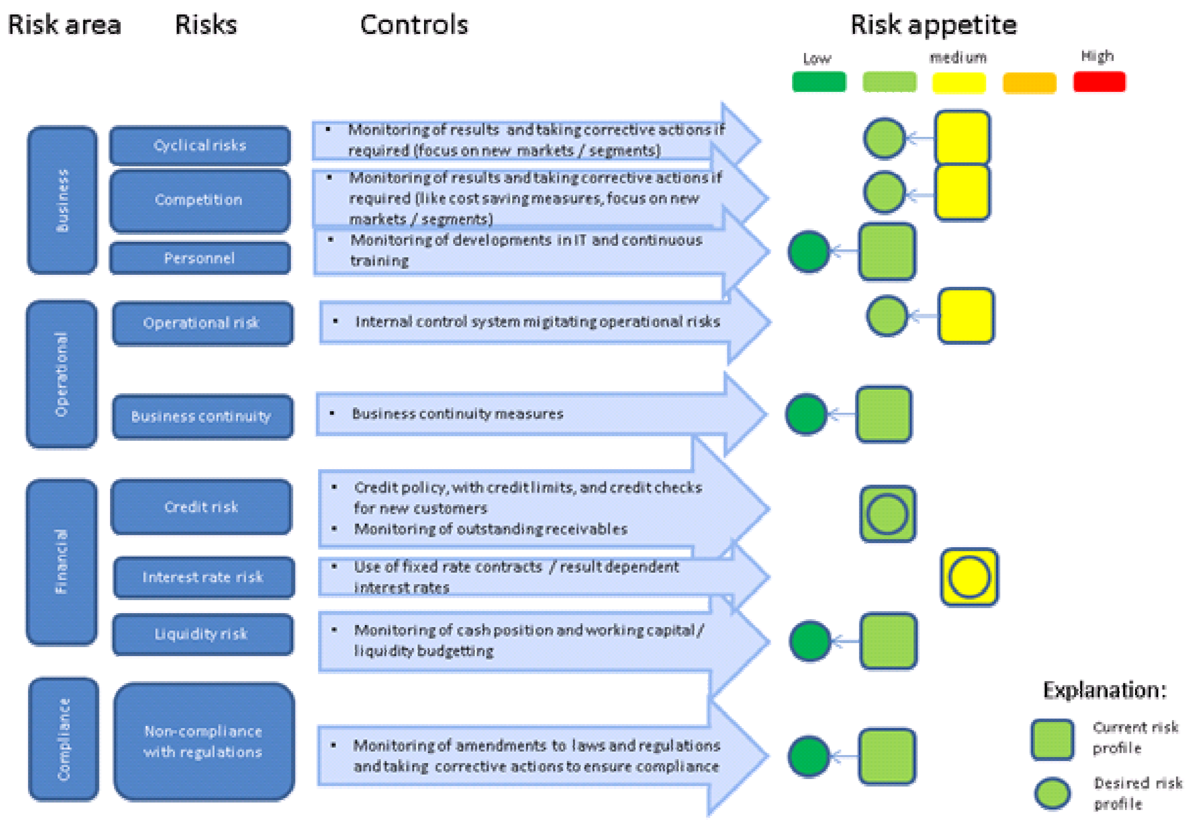
The Board of Directors and management of the operating companies received a competitive remuneration in 2017. Total remuneration amounted to 0.68m euros (2016: 0.74m euros).

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 been 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, 2018 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 2017
There were no significant risks or uncertainties that materialized during 2017.

Improvements to the risk management system
The risk management methodology meets the requirements of the Board of Directors. During the financial year 2017 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 2018

We expect our revenues to increase in 2018 when compared to 2017 due to improved market conditions. We also expect a positive result in 2018.

Staff levels are expected to grow in accordance with revenue growth. Investments are expected to be in line with 2017.

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 2017 give a true and fair view of the assets, liabilities, the financial position and the profit and loss of Navigator Equity Solitions SE and its consolidated
operations; and

- the management report includes a true and fair review of the position as per 31 December 2017 and of the development and performance during 2017 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 4, 2018

Robert Käß , Managing director

FINANCIAL STATEMENTS

1 CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2017

(after appropriation of result)

		December 31, 2017		December 31, 2016	
		€	€	€	€
ASSETS					
FIXED ASSETS					
Intangible fixed assets	(1)	110,736		154,452	
Tangible fixed assets		379,620		128,642	
Financial fixed assets	(2)	1,357,452		1,128,481	
			1,847,808		1,411,575
CURRENT ASSETS					
Receivables, prepayments and accrued income	(3)				
Trade receivables		1,929,335		3,470,722	
Receivables from participants and from companies in which participation takes place		510,316		483,954	
Taxes and social securities		-		116,676	
Other receivables, deferred assets		674,756		688,509	
			3,114,407		4,759,861
Securities	(4)		1,558,903		2,423,342
Cash and cash equivalents			2,663,332		1,893,563
			9,184,450		10,488,341

		December 31, 2017		December 31, 2016	
		€	€	€	€
LIABILITIES					
GROUP CAPITAL	(5)				
Group equity		6,867,818		7,156,304	
Third-party share in group equity		-703,682		-532,837	
			6,164,136		6,623,467
CURRENT LIABILITIES	(6)				
Bank overdrafts		222,380		250,544	
Trade creditors		1,346,031		1,979,854	
Taxes and social securities		522,753		520,399	
Other liabilities, accruals and deferred income		929,150		1,114,077	
			3,020,314		3,864,874
			9,184,450		10,488,341

2 CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2017

		2017		2016	
		€	€	€	€
Net turnover	(7)	21,849,673		25,168,737	
Movement of work in progress		112,597		-172,562	
Total revenues			21,962,270		24,996,175
Purchase value net turnover		5,359,711		8,119,041	
Gross margin			16,602,559		16,877,134
Employee expenses	(8)	13,765,071		13,306,160	
Amortisation and depreciation	(9)	130,687		134,438	
Other operating expenses		3,820,625		3,789,151	
			17,716,383		17,229,749
Operating result			-1,113,824		-352,615
Financial income and expenses	(10)		375,795		923,117
Result from normal operations before tax			-738,029		570,502
Taxation on result of ordinary activities	(11)		173,606		3,741
			-564,423		574,243
Result from participations (valued at net asset value)	(12)		-100,551		19,384
Result from normal operations after tax			-664,974		593,627
Share of minority interest in result	(13)		268,486		-34,111
Result after tax			-396,488		559,516

3 CONSOLIDATED CASH FLOW STATEMENT 2017

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

	2017		2016	
	€	€	€	€
Cash flow from operating activities				
Operating result	-1,113,824		-352,615	
Adjustments for:				
Amortisation and depreciation	130,687		134,437	
Movement of working capital:				
Movement of accounts receivable	1,555,140		-1,855,137	
Movement of short-term liabilities (excluding short-term part of long-term debts)	-836,369		-316,031	
Cash flow from operating activities		-264,366		-2,389,346
Interest received	44,505		45,122	
Corporate income tax	116,676		-186,745	
Dividends received	110,338		65,385	
Share of minority interest in result	268,486		-34,111	
		540,005		-110,349
Cash flow from operating activities		275,639		-2,499,695
Cash flow from investing activities				
Investments in intangible fixed assets	-15,333		-168,768	
Investments in tangible fixed assets	-341,802		-96,202	
Divestments group companies	-11,697		308,629	
Disposal of intangible fixed assets	4,334		-	
Disposal of tangible fixed assets	14,852		-	
Investments in other financial fixed assets and securities	-221,325		-1,185,661	
Divestments of other financial fixed assets and securities	1,311,414		652,747	
Cash flow from investing activities		740,443		-489,255
Cash flow from financing activities				
Repurchase shares	108,000		-	
Interest paid	-57,664		-57,993	
Movement of minority interests	-268,485		38,540	
Cash flow from financing activities		-218,149		-19,453
		797,933		-3,008,403

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

Activities

Navigator Equity Solutions SE (CoC file 17170160) is a company domiciled in The Netherlands. The adress 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	75.59	Yes
Elgin Road Property Holdings Ltd. Dublin	100.00	Ja

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	775.863	4.019

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.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. The exchange differences resulting from the conversion as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

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 presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Land is not depreciated.

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.

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 is taken into account.

Deferred income tax assets relate to unutilised tax losses are valued ad 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.

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, 2017

Assets

Fixed assets

	12/31/2017	12/31/2016
	€	€
1. *Intangible fixed assets*		
Client lists and other intangible fixed assets	110,736	154,452

	Client lists and other intangible fixed assets
	€
Carrying amount as of January 1, 2017	
Purchase price	235,252
Cumulative depreciation	-80,800
	154,452
Movement	
Investments	15,333
Divestments (Cumulative depreciation)	-4,334
Amortization	-54,715
	-43,716
Carrying amount as of December 31, 2017	
Purchase price	246,251
Cumulative depreciation	-135,515
	110,736

Amortisation rates

	%
Client lists and other intangible fixed assets	25

	Plant and machinery	Other tangible fixed assets	Payments on Land and Buildings	Total
	€	€	€	€
Carrying amount as of January 1, 2017				
Purchase price	136,608	587,521	-	724,129
Cumulative depreciation and impairment	-117,049	-478,438	-	-595,487
	19,559	109,083	-	128,642
Movement				
Investments	2,420	59,183	280,200	341,803
Divestments (Purchase price)	-	-179,411	-	-179,411
Divestments (Cumulative depreciation)	-	164,558	-	164,558
Depreciation	-10,655	-65,317	-	-75,972
	-8,235	-20,987	280,200	250,978
Carrying amount as of December 31, 2017				
Purchase price	139,028	467,293	280,200	886,521
Cumulative depreciation	-127,704	-379,197	-	-506,901
Carrying amount as of December 31, 2017	11,324	88,096	280,200	379,620

The payments on Land and Buildings is a prepayment of € 280,200 for a property. In 2018 the property is acquired for an amount of € 2,802,001.

Depreciation rates

	%
Plant and machinery	10-20
Other tangible fixed assets	10-20
Payments on Land and Buildings	0

	12/31/2017	12/31/2016
	€	€
2. *Financial fixed assets*		
Investments in associates	387,852	352,460
Receivables from associates and other related parties	760,000	760,000
Other receivables	209,600	16,021
	1,357,452	1,128,481

Investments in associates

The Acon Group SE	387,852	352,460

	2017	2016
	€	€
The Acon Group SE		
Carrying amount as of January 1	352,460	333,078
Share in result	-2,911	-15,683
Investment	38,303	35,065
Carrying amount as of December 31	387,852	352,460

	12/31/2017	12/31/2016
	€	€
Receivables from associates and other related parties		
The Acon Group SE	560,000	560,000
ACON Research & Services GmbH	200,000	200,000
	760,000	760,000

The interest charge on the receivables from the Acon Group SE is 4%. Repayment is due June 30, 2020.

The interest charge on the receivables from ACON Research & Services GmbH is 4%. Repayment is due June 30, 2020.

	2017	2016
	€	€
The Acon Group SE		
Carrying amount as of January 1	560,000	560,000
Carrying amount as of December 31	560,000	560,000
ACON Research & Services GmbH		
Carrying amount as of January 1	200,000	200,000
Carrying amount as of December 31	200,000	200,000

	12/31/2017	12/31/2016
	€	€
Other receivables		
Deferred tax claims	209,600	16,021

	2017	2016
	€	€
Deferred tax claims		
Carrying amount as of January 1	16,021	-
Movement	193,579	16,021
Carrying amount as of December 31	209,600	16,021
Other loans		
Carrying amount as of January 1	-	142,500
Repayment	-	-142,500
Long-term part as at December 31	-	-

Current assets

3. *Receivables, prepayments and accrued income*

	12/31/2017	12/31/2016
	€	€
Trade receivables		
Trade debtors	1,929,335	3,470,722

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	409,343
ACON Research & Services GmbH	88,667	74,611
	510,316	483,954

The Acon Group SE

Corporate income tax		
Corporate income tax	-	116,676
Other receivables, deferred assets		
Other receivables, deferred assets	674,756	688,509

	12/31/2017	12/31/2016
	€	€
4. *Securities*		
Listed securities	1,558,903	2,423,342

5. **Group capital**

Group equity

Please refer to the notes to the non-consolidated balance sheet on page 36 of this report for an explanation of the equity.

6. **Current liabilities**

Trade creditors		
Creditors	1,346,031	1,979,854
Taxes and social securities		
Value added tax	327,281	194,420
Pay-roll tax	195,472	219,759
Other taxes	-	106,220
	522,753	520,399
Other liabilities, accruals and deferred income		
Other accruals and deferred income	929,150	1,114,077

Contingent liabilities

Lease and rental obligations

The company and its group companies have liabilities arising from rental and lease commitments, of less than 1 year of € 837,673. The liabilities arising from rental and lease commitments between 1 and 5 years amount to € 1,118,646. The liabilities arising from rental and lease commitments of more than 5 year amount to € 90,622.

Investments

In 2017 there has been a prepayment of € 280,200 for a property. In 2018 the property is acquired for € 2,802,100.

6 NOTES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2017

7. **Net turnover**

The revenues decreased in 2017 compared to 2016 with 12,0%.

	2017	2016
	€	€

8. **Employee expenses**

	2017	2016
Wages and salaries	11,656,057	11,328,908
Social security charges	2,061,252	1,939,102
Pension costs	31,292	38,150
Other personnel costs	16,470	-
	13,765,071	13,306,160

Staff

During the 2017 financial year, the average number of employees in the Group, converted into full-time equivalents, amounted to 212 (2016: 202). All employees are employed outside of the Netherlands.

Management's total remuneration approximated € 681,000 in 2017 (2016: € 737,000).

9. **Amortisation and depreciation**

	2017	2016
Intangible fixed assets	54,715	37,734
Tangible fixed assets	75,972	96,704
	130,687	134,438

General expenses

	2017	2016
Other general expenses	3,820,625	3,789,151

10. **Financial income and expenses**

	2017	2016
Dividends received	400,653	627,357
Interest and similar income	44,505	45,122
Result on sale of shares of participating interests	-11,697	308,629
Interest and similar expenses	-57,666	-57,991
	375,795	923,117

11. **Taxation on result of ordinary activities**

	2017	2016
Corporate income tax	173,606	3,741

12. **Result from participations (valued at net asset value)**

	2017	2016
	€	€
Share in result of participating interests	-2,911	19,384
Loss conversion loan	-97,640	-
	-100,551	19,384

13. **Share of minority interest in result**

	2017	2016
Minority interests IT Competence Group SE	157,917	23,445
Minority interest proMX GmbH	110,569	-57,556
	268,486	-34,111

7 COMPANY BALANCE SHEET AS OF DECEMBER 31, 2016

(after appropriation of result)

		December 31, 2017		December 31, 2016	
		€	€	€	€
ASSETS					
FIXED ASSETS					
Financial fixed assets	(14)		1,619,194		2,170,451
CURRENT ASSETS					
Receivables, prepayments and accrued income	(15)				
Trade receivables		20,000		40,000	
Receivables from group companies		1,395,298		1,106,108	
Receivables from participants and from companies in which participation takes place		510,316		483,954	
Taxes and social securities		942		977	
Other receivables, deferred assets		366,468		366,893	
			2,293,024		1,997,932
Securities	(16)		1,558,903		2,423,342
Cash and cash equivalents			1,466,962		721,582
TOTAL OF ASSETS			6,938,083		7,313,307

		December 31, 2017		December 31, 2016	
		€	€	€	€
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	(17)				
Issued share capital		1,311,089		1,311,089	
Share premium reserve		20,198,673		20,198,673	
Other reserves		-14,641,945		-14,350,957	
			6,867,817		7,158,805
CURRENT LIABILITIES					
Trade creditors		25,766		85,000	
Other liabilities, accruals and deferred income		44,500		69,502	
			70,266		154,502
TOTAL OF EQUITY AND LIABILITIES			6,938,083		7,313,307

8 COMPANY PROFIT & LOSS ACCOUNT FOR THE YEAR 2016

		2017		2016	
		€	€	€	€
Net turnover	(18)		5,000		174,000
Employee expenses		59,000		59,000	
Other operating expenses		173,251		500,184	
			232,251		559,184
Operating result			-227,251		-385,184
Financial income and expenses	(20)		440,064		1,005,479
Result before tax			212,813		620,295
Taxation on result of ordinary activities			-		-
Result from participations (valued at net asset value)	(21)		-611,801		-65,154
Result after tax			-398,988		555,141

9 NOTES TO THE COMPANY BALANCE SHEET AS OF DECEMBER 31, 2017

Fixed assets

	12/31/2017	12/31/2016
	€	€
14. *Financial fixed assets*		
Participations in group companies	11	2
Investments in associates	387,852	352,460
Receivables from group companies	471,331	1,057,989
Receivables from associates and other related parties	760,000	760,000
	1,619,194	2,170,451

Participations in group companies

IT Competence Group SE at Amsterdam	1	1
Regent Netherlands B.V. at Maastricht (0%)	-	1
Elgin Road Property Holdings Ltd. at Dublin (100%)	10	-
	11	2

For the negative equity of IT Competence Group SE, amounting to € 2,218,668 (2016: 2,032,011), an amount of € 2,218,669 is deducted from the outstanding loan to the subsidiary. The subsidiary is not valued less than € 1. The loss in 2017 amounts to € 646,935.

Regent Netherlands B.V. is liquidated in 2017.

	2017	2016
	€	€
IT Competence Group SE		
Carrying amount as of January 1	-2,032,010	-1,959,378
Disposals	-	-29
Conversion loan to share premium	302,360	-
Share in result	-489,018	-72,603
	-2,218,668	-2,032,010
Provision loan	2,218,669	2,032,011
Carrying amount as of December 31	1	1
Elgin Road Property Holdings Ltd.		
Carrying amount as of January 1	-	-
Investments	10	-
Carrying amount as of December 31	10	-

	12/31/2017	12/31/2016
	€	€
Investments in associates		
The Acon Group SE	387,852	352,460

	2017	2016
	€	€
The Acon Group SE		
Carrying amount as of January 1	352,460	333,078
Share in result	-2,911	-15,683
Investment	38,303	35,065
Carrying amount as of December 31	387,852	352,460

	12/31/2017	12/31/2016
	€	€
Receivables from group companies		
IT Competence Group SE at Amsterdam	171,331	757,989
ITCG AG at München	300,000	300,000
	471,331	1,057,989

For 2017 the interest charge on the receivables from IT Competence Group SE is 0%. Repayment is due December 31, 2020.

The interest charge on the receivables from ITCG AG is 3%. Repayment is due December 31, 2020.

	2017	2016
	€	€
IT Competence Group SE		
Carrying amount as of January 1	2,790,000	2,790,000
Conversion loan to share premium IT Competence Group SE	-400,000	-
	2,390,000	2,790,000
Provision loan due to negative equity	-2,218,669	-2,032,011
Carrying amount as of December 31	171,331	757,989
ITCG AG		
Carrying amount as of January 1	300,000	300,000
Carrying amount as of December 31	300,000	300,000

	12/31/2017	12/31/2016
	€	€
Receivables from associates and other related parties		
The Acon Group SE	560,000	560,000
ACON Research & Services GmbH	200,000	200,000
	760,000	760,000

The interest charge on the receivables from the Acon Group SE is 4%. Repayment is due June 30, 2020.

The interest charge on the receivables from ACON Research & Services GmbH is 4%. Repayment is due June 30, 2020.

	2017	2016
	€	€
Other loans		
Carrying amount as of January 1	-	142,500
Repayment	-	-142,500
Long-term part as at December 31	-	-

Current assets

15. *Receivables, prepayments and accrued income*

Trade receivables

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

	12/31/2017	12/31/2016
	€	€
Receivables from group companies		
IT Competence Group SE	1,096,376	1,096,662
Elgin Road Property Holdings Ltd.	280,190	-
ITCG AG	18,732	9,446
	1,395,298	1,106,108
Other receivables, deferred assets		
Other receivables, deferred assets	366,468	366,893

16. *Securities*

Listed securities	1,558,903	2,423,342

17. **Shareholders' equity**

Issued share capital

6.555.445 ordinary shares at par value € 0.20.	1,311,089	1,311,089

The statutory share capital amounts to € 5,000,000.

	2017	2016
	€	€
Share premium reserve		
Carrying amount as of January 1	20,198,673	20,198,673
Carrying amount as of December 31	20,198,673	20,198,673

	2017	2016
	€	€
Other reserves		
Carrying amount as of January 1	-14,350,957	-14,906,098
Allocation of financial year net result	-398,988	555,141
Repurchase shares	108,000	-
Carrying amount as of December 31	-14,641,945	-14,350,957

	12/31/2017	12/31/2016
	€	€
Other liabilities, accruals and deferred income		
Other accruals and deferred income	44,500	69,502

10 NOTES TO THE COMPANY PROFIT & LOSS ACCOUNT OVER THE YEAR 2017

18. **Net turnover**

The revenues decreased in 2017 compared to 2016 with 97,2%.

Staff

During the 2017 financial year the company had no employees.

Management's total remuneration approximated € 59,000 in 2017 (2016: € 59,000).

Other operating expenses

	2017	2016
	€	€
19. *General expenses*		
Other general expenses	173,251	500,184

20. **Financial income and expenses**

	2017	2016
Dividends received	400,653	627,357
Interest and similar income	55,533	71,497
Result on sale of shares of participating interests	-11,697	308,629
Interest and similar expenses	-4,425	-2,004
	440,064	1,005,479

Interest and similar income

	2017	2016
Other interests and income	12,262	45,082
Interest receivable group	43,271	26,415
	55,533	71,497

Interest and similar expenses

	2017	2016
Other interest and expenses	-4,425	-2,004

21. **Result from participations (valued at net asset value)**

	2017	2016
Share in result of participating interests	-514,161	-65,154
Loss conversion loan	-97,640	-
	-611,801	-65,154

OTHER INFORMATION

1 INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Navigator Equity Solutions SE

A. Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 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, 2017 and of its result for 2017 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, 2017;
2. the consolidated and company profit and loss account for 2017; 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 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 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.

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.

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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 e.g.:

- 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 those charged with governance 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 4, 2018

Stroeken B.V.

Signed by J.A.M. Nuijten RA

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2 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 rretained to 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 rofits 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.

3 RECOGNITION OF THE LOSS FOR 2017

The board of directors proposes to add the 2017 result to the other reserves for an amount of € 398,988. The General Meeting of Shareholders will be asked to approve the appropriation of the 2017 result, this proposition is already recognised in the financial statements.