IT Competence Group S.E.
Waalre

Annual report 2017

CONTENTS

FINANCIAL REPORT

DIRECTOR'S REPORT

To our Shareholders

2017 - A year of reorganization and focusing on profitable business

Full-year 2017 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.

We were slowed down 2017, but now we see ourselves back on the way achieving our vision. IT Competence Group wants to be a leading companion of customers' digital future. We elaborate and design the future workplace and processes out of user's perspective. Our developed and implemented solutions are at the highest technological levels. Our perseverant aim is to establish ourselves as one of the leading service providers in the field of "digital transformation".

As a service company, we focus our daily activities on people - our customers on one hand and our employees on the other. While the rapid growth of the market and our customers continues to give us momentum, the current shortage of skilled workers is also becoming increasingly clear to us. Also, a real challenge with many opportunities for us! To secure our way we will continuously assess the risks in this rapidly changing market.

The proceeds from the sale of our IT services generate a cash flow that helps us to finance investments. It also enables us to meet our debt servicing obligations. The aim is to reconcile the interests of our company, as well as the financial creditors and the shareholders.

On behalf of the Management Board, we would like to thank the employees of the IT Competence Group for their personal contribution in 2017. We and our Supervisory Board colleagues remain convinced of the potential for your company. We remain 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.

Waalre, May 4, 2018

Robert Käß	Wolfgang Wagner
Managing Director	Managing Director

Fiscal year 2017 at a glance

Total Revenues
2017 € 22.0m
2016 € 24.8m

Gross Margin
2017 € 16.6m
2016 € 16.7m

EBITDA
2017 € -0.7m
2016 € 0.2m

EBIT
2017 € -1.1m
2016 € -0.2m

Result after Tax
2017 € -0.9m
2016 € -0.3m

TOTAL assets
2017 € 6.8m
2016 € 8.5m

The Company

IT Competence Group SE acts as a holding company for growth-oriented IT service companies. It combines a maximum of entrepreneurial freedom for its subsidiaries with the advantages of a publicly listed group to support them in gaining a leading position in their respective markets. 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 customers ideal solutions for their information technology requirements and to offer comprehensive support in the planning and implementation of the latest technologies.

In a complex and constantly changing market environment we possess the necessary technical and personnel know-how enabling us to offer our clients all required services from a single source.

Therefore, we trust especially in the advancement and cooperation of strong independent subsidiary companies under the umbrella of the Holding in order to realize extensive synergies for our customers. The services of IT Competence Group SE unburden our clients from worrying about IT problems and allow them to focus on optimizing their core business.

Within the group we aim at a continuous advancement of each individual subsidiary company, fostered by continued cooperation with the existent management and a financial participation of the management in the company.

Our subsidiaries include:

ITCG AG (formally known as Human Internet CONSULT AG) is a subsidiary of IT Competence Group SE since October 31, 2006. ITCG AG includes the operating business of net on AG, which was merged with ITCG AG legally effective by January 1, 2017. ITCG AG is an IT consultancy with registered office in Munich. The company with offices in Munich, Mainz, Ludwigsburg, Hürth, Bielefeld and Karlsruhe is active throughout Germany mainly in the areas of digital transformation, IT infrastructure, IT processes, IT organization and IT security. The company is equipped to fully manage the technology infrastructure or provide any level of support to augment the existing staff.

DeskSite GmbH is a subsidiary of IT Competence Group SE since June 2007. DeskSite is a young IT service company with its registered office in Munich. After a strategic repositioning, the company's focus is now on employee services.

Sinnwell AG is a subsidiary of IT Competence Group SE since September 2013. The company is active throughout Germany mainly in the telecommunications industry. It is offering a broad scope of services as for example constructional assessments, site planning and construction management. The company acts from its registered office in Munich.

proMX GmbH is situated in Nürnberg (Germany) and its focus is business software applications with a strong partnership with Microsoft Dynamics. IT Competence Group SE holds a majority share in proMX GmbH since 2015.

Management

IT Competence Group SE is organized as a SE company under Dutch law 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"). Furthermore, each subsidiary has a local management team.

- Board of Directors

Robert Käß

Robert Käß joined the Management Board of IT Competence Group 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 specialized 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.

Wolfgang Wagner

Wolfgang Wagner joined the Management Board of IT Competence Group SE in November 2016. He started his career at Dresdner Bank and worked for several years as a consultant and business analyst in the financial market. Subsequently he gained a broad experience of all belongings of a service company working for several years with a publisher. Wolfgang Wagner holds a Master in Business Administration from LMU in Munich as well as a special degree as chief accountant.

- 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 shares outstanding was 1,875,000 thereof Navigator Equity Solutions SE, the main shareholder, holds unchanged 75.6% of the shares.

Annual Shareholders' Meeting

The Annual General Meeting of IT Competence Group SE for the fiscal year 2016 took place in Waalre, the Netherlands, on August 1, 2017. In total 12.3% of the share capital was represented at the meeting. All items of the agenda were approved unanimously.

TRANSFER OF THE COMPANIES' REGISTERED OFFICE FROM THE NETHERLANDS TO GERMANY

On August 31, 2017 the company announced their intention to remove the registered office from the Netherlands to Germany. Therefore, all required documents were presented at the chamber of commerce and an official announcement was made. As there weren't any objections against the transfer, an extraordinary shareholders' meeting took place in Waalre, the Netherlands, on November 23, 2017. In total 12.5% of the share capital was represented at the meeting. All items of the agenda were approved unanimously.
The final transfer of the registered office is still outstanding due to inquiries from the German commercial register.

Development of Earnings, Asset and Financial Situation

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

Earnings situation

- Revenue Development

In the fiscal year 2017, IT Competence Group generated total (net) revenues of 22.0m euros (2016: 24.8m euros). This represents a decrease of -11.3%. The purchase value of the Group decreased as well markedly to 5.4m euros (2016: 8.1m euros). The Group's total operating costs in the fiscal year 2017 amounted to 17.7m euros (2016: 16.9m euros), an increase of 4.8%.

- Earnings Development

In the fiscal year 2017, IT Competence Group generated a nearly unchanged gross margin of 16.6m euros (2016: 16.7m euros). Because of the lower net turnover, the gross margin increased from 67.3% to 75.6%.

The Group's operating result (EBIT) amounted to -1.1m euros (2016: -0.2m euros). The clear decline was primarily attributable to the investment in further staff resulting in significant loss in the first half year of 2017. As employee costs and other operating expenses were reduced significantly in the second half of the year, in total employee expenses increased to 13.7m euros (2016: 13.2m euros).

Pre-tax earnings amounted to -1.1m euros (2016: -0.3m euros). After add of income tax amounting to 0.2m euros (2016: nil euros) as well as share of minority interest in result amounting to 0.1m euros (2016: -0.1m, euros), the income for the period amounted to -0.9m euros (2016: -0.3m euros).

Asset Situation

- Balance Sheet

As of December 31, 2017, the IT Competence Group balance sheet total amounted to 6.8m euros (December 31, 2016: 8.5m euros).

The group's total fixed assets were nearly unchanged at 3.4m euros (2016: 3.5m euros). Current assets decreased significantly to 3.4m euros (2016: 5.0m euros). Within the current assets, cash and cash equivalents stayed unchanged at a level of 1.2m euros at the end of 2017.

The Group's capital decreased to 0.045m euros (2016: 0.6m euros). The company is primarily financed with a subordinated long-term loan of 2.4m euros and a long-term loan of 0.3m euros, both provided by Navigator Equity Solutions SE.

Current liabilities decreased from 4.8m euros to 4.1m euros, consisting of trade payables amounting to 1.3m euros (2016: 1.9m euros), debt to group companies of 1.1m euros (2016: 1.1m euros), other liabilities of 1.0m euros (2016: 1.0m euros), current tax liability of 0.5m euros (2016: 0.5m euros) and bank overdrafts of 0.2m euros (2016: 0.3m euros).

The net cash flow over the year was nil. The unchanged liquidity position of 1.2m euros is sufficient to meet future liabilities. The company is fully capable to generate the cash needed for daily business and expansion.

The investments in 2017 amounted to 0.1m euros and relate to replacement investments of 0.1m euros (tangible fixed assets).

Employees

As of December 31, 2017, the number of employees at IT Competence Group amounted to 212 persons (2016: 202).

Board Remuneration

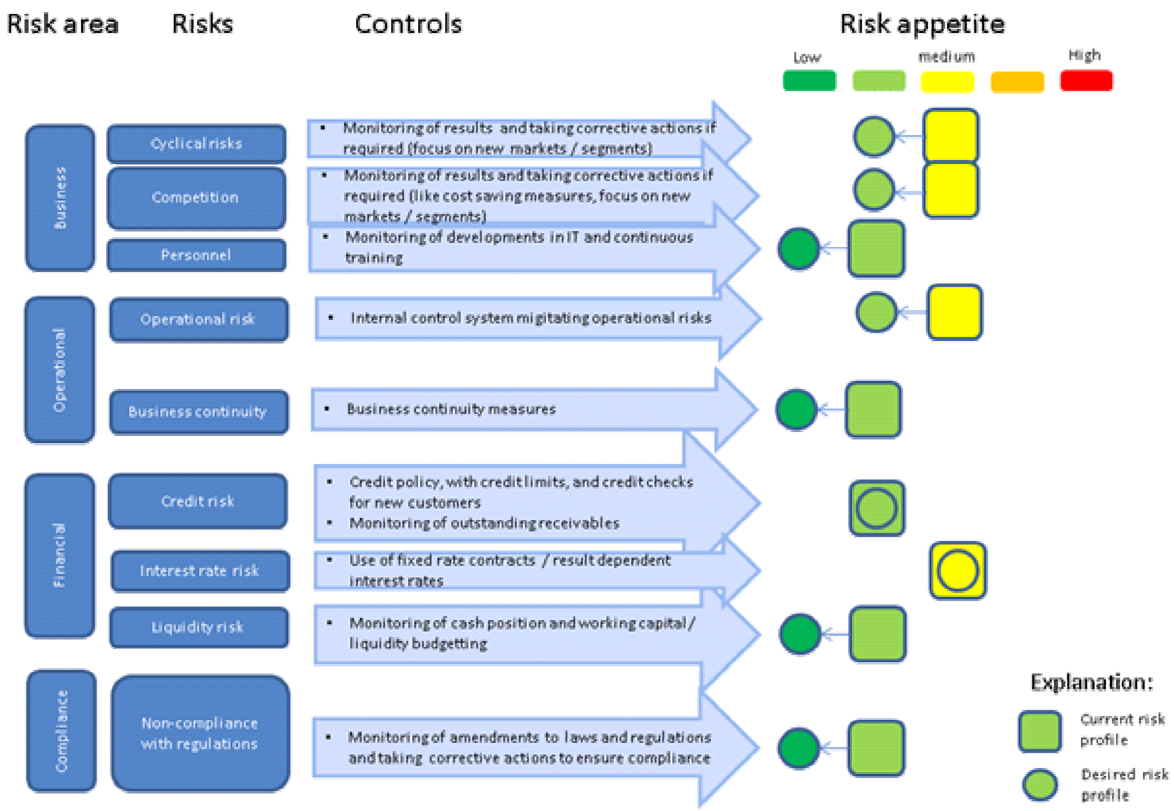
The Board of Directors and management of the operating companies received a competitive remuneration in 2017. Total remuneration amounted to 0.6m euros (2016: 0.7m euros).

Risk management system

IT Competence Group's future business development will always be influenced by both elements of chance and risk. Our risk management system serves to recognize, 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 utilize chance and contain risk can be implemented.

IT Competence Group 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
Customers' demand in the IT market is always dependent on the customers' own business and financial situation and hence also on the general economic development. Currently, the global and German economy is recovering successfully from a deep recession and is expected to generate good growth also for the foreseeable future. This is also reflected in a positive forecast for the development of the IT services market in the coming years. However, there is no guarantee that the current growth is sustainable and there are still a number of significant risks for the future economic development, especially in Europe and Germany. Thus, if the general economic environment should start to deteriorate, this will also have negative effects on the development of the IT services market as well as on the financial and asset situation of the Group.

The Company monitors cyclical risks and takes corrective actions if required, e.g. by focusing on new markets and segments.

Competition
The IT services market is highly fragmented and characterized by intense competition. Competition for the Group companies arises from a small number of bigger players in the market as well as from a large number of small competitors. Such competition is even boosted by former employees of Group companies going into business for themselves. As in every other market, strong competition is always putting pressure on pricing and margins in the market, thus also affecting the Group's profitability. If the Group companies are not able to prevail in this highly competitive environment there may be adverse effects on the Group's financial and asset situation.

The Company monitors competitiveness and takes corrective actions if required, e.g. by focusing on new markets and segments and/or taking cost saving measures.

Personnel Risks
The IT business is rapidly changing and evolving new technologies. Thus, it is necessary that the technical staff of the Group companies always stays on top of these developments and continuously expands skills to remain state-of-the art. If the Group companies do not provide for this risk by organizing sufficient education and training programs they might lose their competitive capacity, resulting in respectively adverse effects on the Group's financial and asset situation. Currently, the Group's management has no reason to believe that any of the above mentioned risks represent an acute threat to the Group's continuation.

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 concerning the guarantee capital 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, continuous training in work safety is given to all employees.

Research and Development

As an IT-service provider, the Company has limited research and development activities.

Outlook 2018

We expect our revenues and results to increase in 2018 when compared to 2017 due to the restructuring measures made during 2017. We expect a turnaround bringing back positive results.

Staff levels are expected to grow slightly 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 IT Competence Group 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 IT Competence Group 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 IT Competence Group is being confronted.

Waalre, May 4, 2018

R. Käß W.Wagner

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)	3,078,421		3,331,806	
Tangible fixed assets		99,420		128,642	
Financial fixed assets		209,600		16,021	
			3,387,441		3,476,469
CURRENT ASSETS					
Receivables, prepayments and accrued income	(2)				
Trade receivables		1,909,335		3,430,722	
Taxes and social securities		-		116,676	
Other receivables, deferred assets		308,288		321,616	
			2,217,623		3,869,014
Cash and cash equivalents			1,196,370		1,171,981
			6,801,434		8,517,464

		December 31, 2017		December 31, 2016	
		€	€	€	€
LIABILITIES					
GROUP CAPITAL	(3)				
Group equity		32,552		489,154	
Third-party share in group equity		12,784		123,352	
			45,336		612,506
SUBORDINATED LOANS	(4)		2,390,000		2,790,000
GUARANTEE CAPITAL			2,435,336		3,402,506
LONG-TERM LIABILITIES	(5)				
Loans from group companies			300,000		300,000
CURRENT LIABILITIES	(6)				
Bank overdraft		222,380		250,544	
Trade creditors		1,320,265		1,894,854	
Group companies		1,115,108		1,106,108	
Taxes and social securities		523,695		521,376	
Liabilities, accruals and deferred income		884,650		1,042,076	
			4,066,098		4,814,958
			6,801,434		8,517,464

2 CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2017

		2017		2016	
		€	€	€	€
Net turnover	(7)	21,844,673		24,994,737	
Movement of inventories of finished goods and work in progress		112,597		-172,562	
Total revenues			21,957,270		24,822,175
Purchase value net turnover		5,359,711		8,119,041	
Gross margin			16,597,559		16,703,134
Employee expenses	(8)	13,689,601		13,247,160	
Amortisation and depreciation	(9)	340,356		344,107	
Other operating expenses		3,647,374		3,284,848	
			17,677,331		16,876,115
Operating result			-1,079,772		-172,981
Interest and similar income	(10)	1,234		40	
Interest and similar expenses	(11)	-62,241		-78,962	
Financial income and expenses			-61,007		-78,922
Result from normal operations before tax			-1,140,779		-251,903
Taxation on result of ordinary activities	(12)		173,606		3,741
Result from normal operations after tax			-967,173		-248,162
Share of minority interest in result	(13)		110,569		-57,556
Result after tax			-856,604		-305,718

3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

Activities

IT Competence Group SE (CoC file 17193337) is a company domiciled in The Netherlands. The address of the Company's registered office is Laan van Diepenvoorde 3, 5582 LA Waalre. The Group is a publicly listed holding company focusing on fast growing IT service companies with business activities in IT consulting and outsourcing solutions.

As per January 1, 2011 IT Competence SE has a permanent establishment in Germany, the address of the Company's office is Schlossdomäne Monrepos 6, 71634 Ludwigsburg.

Group structure

The parent company of IT Competence Group SE is Navigator Equity Solutions SE, which holds 75.59% of the outstanding shares.

In the financial statements of IT Competence Group S.E. the financial information is consolidated of IT Competence Group S.E. and her following group companies:

LIST OF PARTICIPATING INTERESTS

Name, statutory registered office	Share in issued capital
	%
ITCG AG München	100.00
Desksite GmbH München	100.00
Sinnwell AG München	100.00
proMX GmbH Nürnberg	50.01

Cash flow statement

The Company has used the exemption from disclosing a cash flow statement based on Dutch GAAP 360 paragraph 104.

Estimates

In applying the principles and policies for drawing up the financial statements, the directors of IT Competence Group S.E. 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.

Acquisition and disposal of group companies

Identifiable assets acquired and liabilities assumed in a business combination are recognised in the consolidated financial statements from the acquisition date, being the moment that control can be exercised over the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill) is disclosed under accruals and deferred income (refer to the respective note).

Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases and if they are classified as groups held-for-disposal.

Consolidation

The consolidation includes the financial information of IT Competence Group S.E., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which IT Competence Group S.E. 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 IT Competence Group S.E. 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.

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.

Goodwill resulting from acquisitions and calculated in accordance with section "Acquisition and disposal of group companies" is capitalised and amortised on a straight-line basis over the estimated economic life.

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.

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 IT Competence Group S.E. 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.

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.

Long-term liabilities

Upon initial recognition, the loans and liabilities recorded are stated at fair value and then valued at amortised cost.

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.

Share in result of participating interests

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 IT Competence Group S.E.

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.

4 NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2017

Fixed assets

	12/31/2017	12/31/2016
	€	€
1. *Intangible fixed assets*		
Goodwill	2,967,685	3,177,354
Client lists and other intangible fixed assets	110,736	154,452
	3,078,421	3,331,806

	Goodwill	Client lists and other intangible fixed assets	Total
	€	€	€
Carrying amount as of January 1, 2017			
Purchase price	5,173,544	243,844	5,417,388
Cumulative depreciation	-1,996,190	-89,392	-2,085,582
	3,177,354	154,452	3,331,806
Movement			
Investments	-	15,333	15,333
Divestments (Cumulative depreciation)	-	-4,334	-4,334
Amortization	-209,669	-54,715	-264,384
	-209,669	-43,716	-253,385
Carrying amount as of December 31, 2017			
Purchase price	5,173,544	254,843	5,428,387
Cumulative depreciation	-2,205,859	-144,107	-2,349,966
	2,967,685	110,736	3,078,421

The goodwill of € 2,732,483 (2016: € 2,928,516) relates to the acquisition of the shares in ITCG AG. The remaining life is 15 years. And an amount of € 235,202 (2016: € 248,837) relates to the acquisition of the shares of proMX GmbH. The remaining life is 17 years.

The business model of IT Competence Group S.E. (ITC) is to acquire, restructure, integrate and develop companies in the IT industry. The aim is to keep all business acquired by ITC within the group and support them in the long run. Due to the long term approach Management of ITC decided to depreciate the goodwill of the acquired companies over the period of 20 to 25 years.

Amortisation rates

	%
Goodwill	4 - 5
Client lists and other intangible fixed assets	25

	Plant and machinery	Other tangible fixed assets	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	61,603
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	-29,222
Carrying amount as of December 31, 2017			
Purchase price	139,028	467,293	606,321
Cumulative depreciation	-127,704	-379,197	-506,901
Carrying amount as of December 31, 2017	11,324	88,096	99,420

Depreciation rates

	%
Plant and machinery	10-20
Other tangible fixed assets	10-20

	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

Current assets

2. *Receivables, prepayments and accrued income*

	12/31/2017	12/31/2016
	€	€
Trade receivables		
Trade receivables	1,909,335	3,430,722

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

Corporate income tax		
Corporate income tax	-	116,676

Other receivables, deferred assets		
Other receivables, deferred assets	308,288	321,616

3. **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.

4. **Subordinated loans**

Loan Navigator Equity Solutions SE	2,390,000	2,790,000

In 2017 € 400.000 is paid up as share premium.

A loan of € 2,390,000 is subordinated to all existing and future liabilities of the company. An interest rate equal to the 6-month Euro Interbank Offered Rate (Euribor) is calculated. To the extent that the Company's commercial result is positive, the Company is obliged to pay a profit dependent interest, which will be determined as follows:
- € 0 - € 500,000, 0.5%
- € 500,000 - € 1,000,000, 1.0%
- € 1,000,000 and more, 2.0%

The interest charge over 2017 amounts to 0% (2016: 0.5%).

The loan will be repaid within a maximum period of 5 years (31 December 2022). Trade debtors and shares in the participation of DeskSite GmbH are pledged on first demand. Furthermore the shares in the participation of ITCG AG are pledged on second demand.

5. Long-term liabilities

	12/31/2017	12/31/2016
	€	€
Loans from group companies		
Navigator Equity Solutions SE	300,000	300,000

The interest charge on the payable to Navigator Equity Solutions SE is 3%. Repayment is due 31 December 2020.

6. Current liabilities

Trade creditors		
Creditors	1,320,265	1,894,854
Group companies		
Navigator Equity Solutions SE	1,115,108	1,106,108
Taxes and social securities		
Valued added tax	328,223	195,397
Pay-roll tax	195,472	219,759
Other taxes	-	106,220
	523,695	521,376
Other liabilities, accruals and deferred income		
Other accruals and deferred income	884,650	1,042,076

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.

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

7. Net turnover

The net turnover for 2017 of the legal entity and its subsidiaries and/or groupcompanies has decreased with 11,5%.

	2017	2016
	€	€
8. Employee expenses		
Wages and salaries	11,597,057	11,269,908
Social security charges	2,061,252	1,939,102
Pension costs	31,292	38,150
	13,689,601	13,247,160

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 € 622.000 in 2017 (2016: € 678,000).

9. Amortisation and depreciation

Intangible fixed assets	264,384	247,403
Tangible fixed assets	75,972	96,704
	340,356	344,107

Financial income and expenses

10. Interest and similar income

Other interests and income	1,234	40

11. Interest and similar expenses

Other interest and expenses	-53,240	-55,987
Interest payable group	-9,001	-22,975
	-62,241	-78,962

	2017	2016
	€	€
12. **Taxation on result of ordinary activities**		
Corporate income tax	173,606	3,741
13. **Share of minority interest in result**		
Minority interest proMX GmbH	110,569	-57,556

6 COMPANY BALANCE SHEET AS OF DECEMBER 31, 2017

(after appropriation of result)

		December 31, 2017		December 31, 2016	
		€	€	€	€
ASSETS					
FIXED ASSETS					
Intangible fixed assets	(14)		2,878,341		3,083,046
Tangible fixed assets	(15)		3		495
Financial fixed assets	(16)				
Participations in group companies		1,179,332		1,856,741	
Receivables from group companies		-		222,153	
			1,179,332		2,078,894
CURRENT ASSETS					
Receivables, prepayments and accrued income	(17)				
Trade receivables		393		-	
Receivables from group companies		175,790		560,283	
Other receivables, deferred assets		830		1,190	
			177,013		561,473
Cash and cash equivalents			21,218		40,620
TOTAL OF ASSETS			4,255,907		5,764,528

	Note	December 31, 2017		December 31, 2016	
		€	€	€	€
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	(18)				
Issued share capital		1,875,000		1,875,000	
Share premium reserve		422,663		22,663	
Other reserves		-2,146,419		-1,008,878	
			151,244		888,785
SUBORDINATED LOANS	(19)		2,390,000		2,790,000
GUARANTEE CAPITAL			2,541,244		3,678,785
LONG-TERM LIABILITIES	(20)				
Loans from group companies			477,306		926,433
CURRENT LIABILITIES	(21)				
Trade creditors		2,705		2,884	
Group companies		1,096,376		1,103,606	
Taxes and social securities		26,931		27,312	
Other liabilities, accruals and deferred income		111,345		25,508	
			1,237,357		1,159,310
TOTAL OF EQUITY AND LIABILITIES			4,255,907		5,764,528

7 COMPANY PROFIT AND LOSS ACCOUNT 2017

		2017		2016	
		€	€	€	€
Net turnover	(22)	969,097		816,917	
Purchase value net turnover		49,799		38,907	
Gross margin			919,298		778,010
Employee expenses	(23)	496,694		386,259	
Amortisation and depreciation		205,197		205,526	
Other operating expenses		423,881		390,929	
			1,125,772		982,714
Operating result			-206,474		-204,704
Interest and similar income	(25)	15,161		23,945	
Interest and similar expenses	(26)	-22,792		-36,787	
Financial income and expenses			-7,631		-12,842
Result before tax			-214,105		-217,546
Taxation on result of ordinary activities			-		-
			-214,105		-217,546
Share in result of participating interests	(27)		-598,213		-33,615
Result after tax			-812,318		-251,161

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

Fixed assets

14. *Intangible fixed assets*

	Goodwill
	€
Carrying amount as of January 1, 2017	
Purchase price	5,049,453
Cumulative depreciation	-1,966,407
	3,083,046
Movement	
Amortization	-204,705
Carrying amount as of December 31, 2017	
Purchase price	5,049,453
Cumulative depreciation	-2,171,112
	2,878,341

The goodwill of € 2,643,139 (2016: € 2,834,208) regards the acquisition of the shares in ITCG AG. The remaining life is 15 years. Furthermore, an amount of € 235,202 (2016: € 248,837) relates to the acquisition of the shares of proMX GmbH. The remaining life is 17 years.

The business model of IT Competence Group S.E. (ITC) is to acquire, restructure, integrate and develop companies in the IT industry. The aim is to keep all business acquired by ITC within the group and support them in the long run. Due to the long term approach Management of ITC decided to depreciate the goodwill of the acquired companies over the period of 20 to 25 years.

Amortisation rates

	%
Goodwill	4 - 5

15. *Tangible fixed assets*

	Other tangible fixed assets
	€
Carrying amount as of January 1, 2017	
Purchase price	2,888
Cumulative depreciation and impairment	-2,393
	495
Movement	
Depreciation	-492
Carrying amount as of December 31, 2017	
Purchase price	2,888
Cumulative depreciation	-2,885
Carrying amount as of December 31, 2017	3

Depreciation rates	
	%
Other tangible fixed assets	10-20

16. *Financial fixed assets*

	12/31/2017	12/31/2016
	€	€
Participations in group companies		
ITCG AG at München	1,166,541	1,733,336
Desksite GmbH at München (100%)	1	1
net on AG at München (-%)	-	1
Sinnwell AG at München (100%)	1	1
proMX GmbH at Nürnberg (50%)	12,789	123,402
	1,179,332	1,856,741

	2017	2016
	€	€
ITCG AG		
Carrying amount as of January 1	1,733,336	1,824,530
Merger ITCG AG and net on AG	-79,194	-
Share in result	-487,601	-91,194
Carrying amount as of December 31	1,166,541	1,733,336

At balance sheet date the participations DeskSite GmbH and Sinnwell AG have a negative equity value and are therefore valued at € 1 each.

The negative equity of Desksite GmbH amounts to € 250,482, and the loss in 2017 amounts to € 6,861.
The negative equity of Sinnwell AG amounts to € 184,750, and the loss in 2017 amounts to € 39,762.

	2017	2016
	€	€
Desksite GmbH		
Carrying amount as of January 1	-175,445	-181,355
Loan ITCG AG	-68,176	-
Share in result	-6,861	5,910
	-250,482	-175,445
Provision loan	172,266	-
Movement in Equity	78,217	175,446
Carrying amount as of December 31	1	1
Sinnwell AG		
Carrying amount as of January 1	-144,988	-89,808
Share in result	-39,762	-55,180
	-184,750	-144,988
Provision loan	73,762	-
Movement in Equity	110,989	144,989
Carrying amount as of December 31	1	1
proMX GmbH		
Carrying amount as of January 1	123,401	65,823
Share in result	-110,612	57,579
Carrying amount as of December 31	12,789	123,402

	12/31/2017	12/31/2016
	€	€
Receivables from group companies		
Desksite GmbH at München (100%)	-	147,017
Sinnwell AG at München (100%)	-	75,136
	-	222,153

Current assets

17. *Receivables, prepayments and accrued income*

	12/31/2017	12/31/2016
	€	€
Trade receivables		
Trade receivables	393	-

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

Other receivables, deferred assets		
Prepayments and accrued income	830	1,190

18. **Shareholders' equity**

	12/31/2017	12/31/2016
	€	€
Issued share capital		
Subscribed and paid up 1,875,000 ordinary shares at par value € 1.00	1,875,000	1,875,000

The statutory share capital amounts to € 9,375,000

	2017	2016
	€	€
Share premium reserve		
Carrying amount as of January 1	22,663	22,663
Conversion subordinated loan	400,000	-
Carrying amount as of December 31	422,663	22,663
Other reserves		
Carrying amount as of January 1	-1,008,878	-762,117
Allocation of financial year net result	-812,319	-251,161
Repurchase shares	-	4,400
Merger ITCG AG and net on AG	-79,194	-
Movement on loan Desksite GmbH	-172,266	-
Movement on loan Sinnwell AG	-73,762	-
Carrying amount as of December 31	-2,146,419	-1,008,878

The variance between the consolidated equity and the company's equity is similar to the negative equity of the 100% participations in DeskSite GmbH and Sinnwell AG amounting to respectively € 250,481 (2016: € 175,446) and € 184,751 (2016: € 79,195), less the provision on the loans to Desksite GmbH and Sinwell AG respectively € 172,266 (2016: 0) and € 73,762 (2016: 0), less the provision on the loan between ITCG AG and Desksite ad. € 70,514 and less the valuation in the company balance sheet at balance sheet date at € 1 each.

At December 31, 2017 the Group held 41,055 (2016: 41,055) of the Company's shares.

	12/31/2017	12/31/2016
	€	€
19. **Subordinated loans**		
Loan Navigator Equity Solutions SE	2,390,000	2,790,000

A loan of € 2,390,000 is subordinated to all existing and future liabilities of the company. An interest rate equal to the 6-month Euro Interbank Offered Rate (Euribor) is calculated. To the extent that the Company's commercial result is positive, the Company is obliged to pay a profit dependent interest, which will be determined as follows:
- € 0 - € 500,000, 0.5%
- € 500,000 - € 1,000,000, 1.0%
- € 1,000,000 and more, 2.0%

The interest charge over 2017 amounts to 0% (2016: 0.5%).

The loan will be repaid within a maximum period of 5 years (31 December 2022). Trade debtors and shares in the participation of DeskSite GmbH are pledged on first demand. Furthermore the shares in the participation of ITCG AG are pledged on second demand.

20. **Long-term liabilities**

	12/31/2017	12/31/2016
	€	€
Loans from group companies		
ITCG AG	477,306	926,433

The interest charge on the payable to ITCG AG is 4%. Repayment is due 31 December 2020.

21. **Current liabilities**

Trade creditors		
Creditors	2,705	2,884

Group companies		
ITCG AG	-	7,100
Navigator Equity Solutions SE	1,096,376	1,096,376
net on AG	-	130
	1,096,376	1,103,606

Taxes and social securities		
Valued added tax	19,736	17,640
Pay-roll tax	7,195	9,672
	26,931	27,312

	12/31/2017	12/31/2016
	€	€
Other liabilities, accruals and deferred income		
Other accruals and deferred income	111,345	25,508

9 NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT 2017

22. Net turnover

The revenues increased in 2017 compared to 2016 with 18.6%.

	2017	2016
	€	€
23. Employee expenses		
Wages and salaries	418,681	319,921
Social security charges	78,013	65,731
Pension costs	-	607
	496,694	386,259

Staff

During the 2017 financial year, the average number of employees, converted into full-time equivalents, amounted to 8 (2016: 10).

Management's total remuneration approximated € 125,000 in 2017 (2016: € 103,000).

	2017	2016
Amortisation of intangible fixed assets		
Goodwill	204,705	204,705
Depreciation of tangible fixed assets		
Other tangible fixed assets	492	821

Other operating expenses

	2017	2016
24. *General expenses*		
Other general expenses	423,881	390,929
25. *Interest and similar income*		
Interest receivable group	15,161	23,945
26. *Interest and similar expenses*		
Other interest and expenses	-87	-
Interest payable group	-22,705	-36,787
	-22,792	-36,787

27. Share in result of participating interests

	2017	2016
Share in result of participating interests	-598,213	-33,615

OTHER INFORMATION

1 INDEPENDENT AUDITOR'S REPORT

To: The shareholders of IT Competence Group S.E.

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 IT Competence Group S.E., based in Waalre.

In our opinion the accompanying financial statements give a true and fair view of the financial position of IT Competence Group S.E. 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 IT Competence Group S.E. 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.

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E mail@stroeken.nl I www.stroeken.nl KvK 17089730

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 15 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 15 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 € 812,318. 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.