

Navigator Equity Solutions SE
Amsterdam

Annual report 2019

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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 2020 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 2019 of Navigator Equity Solutions SE was characterized by the sale of the investments in IT Competence Group SE and ACON Actienbank AG.

In October 2018 Navigator Equity Solution SE has sold 80% in ACON Actienbank AG to the broker JFD Group Ltd. In February 2019 the remaining 20% in ACON Actienbank AG were sold to JFD Group Ltd.

On March 15, 2019, Navigator Equity Solutions SE sold 51% of its shares in IT Competence Group SE to audius AG. Furthermore, call and put options for the remaining shares of 22% in IT Competence Group SE have been agreed with the buyer. audius AG itself is a strategic buyer and will continue to significantly promote the positive business development of IT Competence Group SE in the coming years as the new strategic majority shareholder. In May 2020 audius AG exercised the call option to buy the remaining 22% in IT Competence Group SE from Navigator Equity Solutions SE.

The residential property acquired in Dublin in 2018 developed according to plan for 2019 as a whole and generated a clearly positive cash flow after interest and repayment. The current environment for properties in the Greater Dublin area continues to develop positively. Navigator Equity Solutions SE expects a significant double-digit annual return on investment and is currently evaluating further investment properties in Dublin. For two properties an agreement on the key data of a transaction has already been achieved and a down payment has been made. Subject to the completion of a successful due diligence the company expects the closing of the transactions during the year 2020.

Navigator Equity Solutions SE holds a majority interest of around 56% in Black Pearl Digital AG. The company is a service and investment company in the field of high-growth technology companies. Black Pearl Digital AG offers a wide range of consulting and IT services as well as individual software development. In addition, Black Pearl Digital AG invests in innovative technology companies.

Navigator Equity Solutions SE is listed on the Munich stock exchange in the quality segment m: access. In future Navigator Equity Solutions SE will be managed with a focus on the Net Asset Value (NAV). The current net value of the assets held by the company is approximately EUR 14.0m. With currently 4,579,341 shares outstanding, the company's NAV is accordingly approximately EUR 3.06 per share. The current discount to the share price is roughly 50%. As the current assets of the company consist mainly of cash, securities and a property in Dublin, the management of Navigator Equity Solutions SE believes that this discrepancy between the share price and the net asset value of the company should be closed. The company is currently evaluating various options. These include the cancellation of existing treasury shares, the implementation of a voluntary buyback offer, the execution of a share buyback via the stock exchange, discussions with strategic investors and the examination of the distribution of a special dividend and/or a dividend in kind.

In the first months of fiscal year 2020 Navigator Equity Solutions SE has executed various strategic measures. The most important one was that Navigator Equity Solutions SE has sold the remaining 22% in IT Competence Group SE to audius AG in June 2020.

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 2020 with confidence based on the existing programs in which we are engaged.

Fiscal year 2019 at a glance

Total Revenues

2019 € 5.6m

2018 € 27.2m

Operating income

2019 € 5.8m

2018 € 27.2m

EBIT

2019 € -0.16m

2018 € 1.34m

Result after Tax

2019 € 4.2m

2018 € 1.8m

TOTAL assets

2019 € 15.9m

2018 € 14.1m

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, IT Services and Real Estate. 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.

Investments in the real estate sector are made by the subsidiary Elgin Road Property Holdings Ltd, Dublin.

Several Investments are made by Navigator Equity Solutions SE.

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 ContText 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 2019, 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 2018 took place in Waalre, the Netherlands, on July 16, 2019. In total 27.24 % of the share capital was represented at the meeting. All items of the agenda were approved unanimously.

Development of Earnings, Asset and Financial Situation

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

Earnings situation

- Revenue Development

In the fiscal year 2019, Navigator Equity Solutions Group generated total (net) revenues of 5.6m euros (2018: 27.2m euros). The decline is due to the sale and deconsolidation of IT Competence Group SE in 2019 and deconsolidation of Acon Aktienbank end of 2018.

- Earnings Development

In the fiscal year 2019, Navigator Equity Solutions Group generated a Operating income of 5.7m euros (2018: 27.2m euros).

The Group's operating result (EBIT) amounted to -0.2m euros (2018: 1.3m euros).

Result after tax amounted to 4.2m euros (2018: 1.8 euros).

Asset Situation

Balance Sheet

As of December 31, 2019, the Navigator Equity Solutions Group balance sheet total amounted to 15.9m euros (December 31, 2018: 14.1m euros).

The group's total fixed assets were increasing to 6.4m euros (2018: 3.6m euros). Current assets decreased from 10.5m euros at the end of 2018 to 9.5m euros.

Total equity increased from 8.5m euros to 14.1m euros. Non-Current liabilities amount to 1.6m euros (2018: 1.6 euros).

Current liabilities decreased from 4.0m euros to 0.2m euros, consisting of trade payables amounting to 0.05m euros (2018: 1.9m euros), other liabilities of 0.2m euros (2018: 1.5m euros) and current tax liability of 0.01m euros (2018: 0.5m euros).

The equity ratio has increased from 60.2% in 2018 to 88.6% in 2019. The equity-to-fixed-assets ratio amounted to 219% (2018 235%), indicating a proper long-term financing of the fixed assets. Therefore, long-term assets are still more than sufficiently financed through long-term capital.

The cash flow amounts to negative EUR 2.2m euros in 2019. This is mainly due to the sale of IT Competence Group SE and the sale of ACON Actienbank AG. The cash position at the end of the financial year is strong at 2.7m euros.

Research and development

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

Employees

Our workforce is our greatest asset - our aim is to be an employer of choice. Our values of respect, honesty and courage, customer focus, results and execution underpin the way in which we do business. As of December 31, 2019, the number of employees at Navigator Equity Solutions Group amounted to 1 (2018: 218).

Board Remuneration

The Board of Directors and management of the operating companies received a competitive remuneration in 2019. Total remuneration amounted to 0.3m euros (2018: 1.1m euros).

Adjustments in the financial figures 2018

In agreement with the Supervisory Board and the auditor, the management of Navigator Equity Solutions SE decided to adjust the financial figures for 2018. As a result, The ACON Group SE and its subsidiaries will be fully consolidated already in 2018, as in previous years it was possible to acquire a majority stake in The ACON Group SE via a call option. The full consolidation of The ACON Group SE in 2018 will not have any impact on the Group's results for 2018.

Risk management system

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

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

Risk appetite for significant risks identified

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

Cyclical Risks

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

Risks of Selling and Pricing

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

Legal Risks

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

Pre-investment Analysis Risks

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

Reorganisation Risks

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

Management Risks

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

Operational risks

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

Financial risks and the use of financial instruments

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

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

- Credit risk: The Company has strict policies and procedures in place regarding collecting receivables from debtors.
- Interest rate risk: Interest risk represents the risk of fluctuations in the amounts of interest-bearing loans resulting from changes in the market interest rates. The Company reduces its interest rate risk by entering into fixed rate contracts and contracts with result dependent interest rates.
- Liquidity risk: Looking at the current liquidity position, cash flows, 2020 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 2019

There were no significant risks or uncertainties that materialized during 2019.

Improvements to the risk management system

The risk management methodology meets the requirements of the Board of Directors. During the financial year 2019 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 2020

In the first months of fiscal year 2020 Navigator Equity Solutions SE has executed various strategic measures. The most important one was the sale of the remaining 22% participation in IT Competence Group SE to audius AG.

The sale made a positive contribution to earnings. Depending on the capital market environment, a positive annual result is expected for 2020 as a whole.

Furthermore the subsidiary Elgin Road Property Holdings Ltd. planned two investments in the property market in Dublin with an total investment amount of around € 1.7 million. The investments are not closed yet due to the travel restrictions to Ireland in relation to the Covid pandemic.

In November 2020 Black Pearl Digital AG decided to propose to the company's Annual General Meeting to adopt a resolution on the acquisition of 100% of the shares of net Digital AG with its operating subsidiaries net mobile minick GmbH, Mobile Business Engine GmbH, myFlirt GmbH, ecardon payments GmbH, in the course of a capital increase against contribution in kind under exclusion of the shareholders' subscription rights. The four operating Group companies occupy different segments of the "mobile payment" sector. Black Pearl Digital AG has signed a contribution agreement with the shareholders of net Digital AG, which is, however, still subject to the successful completion of a satisfactory due diligence and the approval of the shareholders' meeting.

The capital increase against contribution in kind is to be effected by granting 1,107,878 new shares at an issue price of EUR 1.00 per share to the shareholders of net Digital AG. The current shareholders of net Digital AG would thus hold approx. 77.5% of the shares in Black Pearl Digital AG after completion of the transaction, while the current Black Pearl shareholders would retain a stake of approx. 22.5%. Navigator Equity Solutions SE will reduce its participation in Black Pearl Digital AG after execution of the proposed transaction to approximately 12%.

The current situation due to the Covid pandemic also has an impact on the strategic direction of Navigator Equity Solutions SE in 2020 and 2021. This concerns both the current development on the capital markets and the impact on the real estate market in Dublin. Management is currently monitoring the developments very closely in order to minimize the impact of the Covid pandemic.

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 2019 give a true and fair view of the assets, liabilities, the financial position and the profit and loss of Navigator Equity Solutions SE and its consolidated operations; and
- the management report includes a true and fair review of the position as per 31 December 2019 and of the development and performance during 2019 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.

Amsterdam, November 30, 2020

Robert Käß
Managing Director

FINANCIAL STATEMENTS

		December 31, 2019		December 31, 2018	
		€	€	€	€
LIABILITIES					
GROUP CAPITAL	(7)				
Group equity		14,109,343		7,980,782	
Minority share in group equity		<u>122</u>		<u>528,141</u>	
			14,109,465		8,508,923
NON-CURRENT LIABILITIES	(8)				
Finance company debt			1,593,642		1,631,250
CURRENT LIABILITIES	(9)				
Repayment obligation long-term debt		45,000		45,000	
Trade creditors		47,919		1,905,564	
Taxes and social securities		12,395		501,166	
Other liabilities and Accruals and deferred income		<u>119,959</u>		<u>1,531,148</u>	
			225,273		3,982,878
			<u>15,928,380</u>		<u>14,123,051</u>

2 CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2019

		2019		2018	
		€	€	€	€
Net turnover	(10)	5,626,265		27,245,649	
Movement of work in progress		145,511		-59,514	
Operating income			5,771,776		27,186,135
Cost of subcontracted work and other external charges			1,368,823		6,566,182
Employee expenses	(11)	3,109,658		16,051,494	
Amortisation and depreciation	(12)	21,682		142,309	
Other operating expenses		1,428,479		3,082,590	
			4,559,819		19,276,393
Operating result			-156,866		1,343,560
Income of non-current receivables and securities		-921,274		998,687	
Interest and similar income		85,379		37,473	
Result on sale of shares of participating interests	(13)	5,467,715		516,473	
Interest and similar expenses		-83,852		-263,686	
Financial income and expenses			4,547,968		1,288,947
Result from normal operations before tax			4,391,102		2,632,507
Taxation on result of ordinary activities	(14)		-64,998		-230,348
Result from normal operations after tax			4,326,104		2,402,159
Share of minority interest in result	(15)		-94,161		-576,738
Result after tax			4,231,943		1,825,421

3 CONSOLIDATED CASH FLOW STATEMENT 2019

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

	2019		2018	
	€	€	€	€
Cash flow from operating activities				
Operating result	-156,866		1,343,560	
Adjustments for:				
Amortisation and depreciation	21,682		142,309	
Movement of working capital:				
Movement of accounts receivable	-385,027		392,323	
Movement of short-term liabilities (excluding short-term part of long-term debts)	-1,320,610		715,533	
Cash flow from operating activities		-1,840,821		2,593,725
Interest received	85,379		5,221	
Interest paid	-83,852		-231,434	
Corporate income tax	-64,998		-3	
Income of non-current receivables and securities	411,903		-	
Result on sale of shares of participating interests	5,477,589		516,473	
Deconsolidation group companies	-1,124,988		-4,320,804	
		4,701,033		-4,030,547
Cash flow from operating activities		2,860,212		-1,436,822
Cash flow from investing activities				
Investments in intangible fixed assets	-147		-	
Investments in tangible fixed assets	-25,654		-56,480	
Investments in investment property	-		-2,860,200	
Disposal of tangible fixed assets	-		2,349	
Investments in other financial fixed assets and securities	-6,243,257		-	
Divestments of other financial fixed assets and securities	977,339		341,432	
Cash flow from investing activities		-5,291,719		-2,572,899
Transport		-2,431,507		-4,009,721

	2019		2018	
	€	€	€	€
Transport		-2,431,507		-4,009,721
Cash flow from financing activities				
Decrease in deferred tax assets	19,200		-	
Decrease other receivables	257,608		-	
Increase in loans	-		1,676,250	
Movement of minority interests	-		494,450	
Repayment of finance company debt	-37,608		-	
Decrease in taxes and social securities	-31,789		-2,748	
Cash flow from financing activities		207,411		2,167,952
		-2,224,096		-1,841,769

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

Activities

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

Group structure

Navigator Equity Solutions SE in Amsterdam 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 München	74.25	Yes *1
The Acon Group SE München	99.99	Yes
Acon Research und Services GmbH München	99.99	Yes
ACON KVG & Trust GmbH München	99.99	Yes
Elgin Road Property Holdings Ltd. Dublin	100.00	Yes

Notes:

*1 On March 15, 2019 Navigator Equity Solutions SE divested 50,89% of the shares in IT Competence Group SE. After the divestment Navigator Equity Solutions SE holds 23,39% of the shares in IT Competence Group SE. As of this date IT Competence Group SE is no longer included in the consolidation. Per year end Navigator Equity Solutions SE holds a share of 23,23%. With the sale of 51% of the shares of IT Competence Group SE to Audius AG, call and put options are agreed upon with the buyer for the remaining 408.023 shares. In 2020 these remaining shares have been sold to Audius AG (see disclosure on subsequent events).

Discontinued operations

With the divestment in IT Competence Group SE on March 15, 2019, as described in before stated note, Navigator Equity Solutions SE has discontinued its operations in IT Services.

As per divestment date the discontinued operations had the following book values:

- Total assets 7.501.578
- Total non-current and current liabilities 4.785.955

For the period January 1st 2019 up to March 15, 2019 the results attributable to the discontinued operations amount to:

- Income 5.256.382
- Expenses 4.928.510
- Profit before tax 322.387
- Taxes 64.477

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. Estimates have been made in the valuation of the investment properties and impairment of assets. 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.

Prior period adjustments

As also stated in the directors report on page 9 a material adjustment has to be applied in the prior periods financial statements which is caused by not taking into account a share option agreement related to the shares in the Acon Group SE and its subsidiaries which would have - according to Dutch GAAP - resulted in the consolidation of these entities over the period 2013 up to and including 2018. This misstatement was corrected retrospectively as per 1 January 2018. The comparative figures included in the financial statements 2019 have been adjusted to include The Acon Group SE in the consolidation. The impact on the financial result 2018 amounted to € 5.392.

The impact of the affected financial statements line items for the prior period is as follows:

	Restated	Reported 31/12/2018	Impact
Balance total	€ 14.123.354	€ 13.817.335	€ 306.019
Group Equity	€ 7.980.782	€ 8.687.845	€ - 707.063
Minority share	€ 528.141	€ -380.073	€ 908.214
Result	€ 1.825.421	€ 1.820.029	€ 5.392

Financial instruments

Securities included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on-balance financial instruments are carried at (amortised) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

Functional currency

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

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

ACCOUNTING PRINCIPLES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

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

Tangible fixed assets

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

Investment properties

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

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

Financial fixed assets

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

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

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

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

Participations (associates), over which no significant influence can be exercised, are valued at fair value, with unrealized gains recognized in a revaluation reserve. The revaluation reserve is released to profit or loss upon realization.

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

Deferred income tax assets relate to unutilised tax losses are valued at nominal value.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

The other securities are valued at fair value.

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.

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.

Legal reserve

If revaluations have been recognised in the revaluation reserve after the deduction of relevant (deferred) tax liabilities, the gross result of the realised revaluations is recognised in the income statement. The corresponding release of the (deferred) tax liabilities is charged to the operating result as tax.

Current liabilities

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

ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Determination of the result

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

Net turnover

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

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

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.

Pension premiums

Navigator Equity Solutions SE applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the result. Changes in the pension provision are also charged to the result. Please also refer to the valuation principles for assets and liabilities, under Provision for pensions. Reference is also made to the relevant notes with respect to pension schemes of foreign subsidiaries.

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.

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.

Result from participations

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.

5 NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2019

Fixed assets

	<u>12/31/2019</u>	<u>12/31/2018</u>
	€	€
<i>1. Intangible fixed assets</i>		
Client lists and other intangible fixed assets	<u>1,168</u>	<u>60,864</u>
		Client lists and other intangible fixed assets
		€
<i>Carrying amount as of January 1, 2019</i>		
Purchase price		227,406
Cumulative amortisation		<u>-166,542</u>
		<u>60,864</u>
<i>Movement</i>		
Investments		147
Deconsolidation IT Competence Group SE - purchase price		-225,572
Deconsolidation IT Competence Group SE - cumulative amortisation		176,784
Amortization		<u>-11,055</u>
		<u>-59,696</u>
<i>Carrying amount as of December 31, 2019</i>		
Purchase price		1,981
Cumulative amortisation		<u>-813</u>
		<u>1,168</u>
<i>Amortisation rates</i>		%
Client lists and other intangible fixed assets		25

	12/31/2019	12/31/2018
	€	€
<i>2. Tangible fixed assets</i>		
Plant and machinery	-	8,601
Other tangible fixed assets	-	64,346
	-	72,947

	Plant and machinery	Other tangible fixed assets	Total
	€	€	€
<i>Carrying amount as of January 1, 2019</i>			
Purchase price	39,747	384,655	424,402
Cumulative depreciation and impairment	-31,146	-320,309	-351,455
	8,601	64,346	72,947

<i>Movement</i>			
Investments	-	5,654	5,654
Deconsolidation IT Competence Group SE - purchase price	-39,747	-390,309	-430,056
Deconsolidation IT Competence Group SE - cumulative amortisation	31,567	330,515	362,082
Depreciation	-421	-10,206	-10,627
	-8,601	-64,346	-72,947

<i>Carrying amount as of December 31, 2019</i>			
Purchase price	-	-	-
Cumulative depreciation	-	-	-
Carrying amount as of December 31, 2019	-	-	-

<i>Depreciation rates</i>		
		%
Plant and machinery		10-20
Other tangible fixed assets		10-20

	12/31/2019	12/31/2018
	€	€
<i>3. Investment properties</i>		
Investment properties	<u>2,860,200</u>	<u>2,860,200</u>
		Investment properties
		€
Carrying amount as of January 1, 2019		2,860,200
Movement		-
Carrying amount as of December 31, 2019		<u>2,860,200</u>

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

The fair value of investment property is determined by independent, professionally skilled external surveyors. The value at year-end is determined based on open-market value assessments, while taking account of the size, nature and use of the property. The most recent value assessments is dated December 14th, 2017. The fair value of the investment property amounts to € 2,820,000.

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

	2019	2018
	€	€
Rental income	141,100	99,800
Operating expenses for assets generating rental income	<u>-23,035</u>	<u>-13,800</u>
	<u>118,065</u>	<u>86,000</u>

The subsidiary Elgin Road Property Holdings Ltd. planned two investments in the property market in Dublin with an total investment amount of around € 1.7 million. The investments are not closed yet due to the travel restrictions to Ireland in relation to the Covid pandemic.

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

All rental contracts have a duration of one year or less. Rental income to be received within one year amounts to approximately € 125.000.

	12/31/2019	12/31/2018
	€	€
<i>4. Financial fixed assets</i>		
Receivables from group companies and other investments	1,366,894	-
Other investments	-	302,415
Investments in equity instruments	2,145,474	-
Other receivables	42,392	319,200
	<u>3,554,760</u>	<u>621,615</u>

Receivables from group companies and other investments

IT Competence Group SE at München (23,23%)	1,366,894	-
Elgin Road Property Holdings Ltd. at Dublin (100%)	-	-
	<u>1,366,894</u>	<u>-</u>

Other investments

Investment Acon Actienbank AG	-	302,415
	<u>-</u>	<u>302,415</u>

Investment Acon Actienbank AG

	2019	2018
	€	€
Carrying amount as of January 1	302,415	-
Deconsolidation after sale 80% Shares Acon Actienbank AG	-	302,415
Divestment	-302,415	-
Carrying amount as of December 31	<u>-</u>	<u>302,415</u>

	12/31/2019	12/31/2018
	€	€
<i>Investments in equity instruments</i>		
IT Competence Group SE	<u>2,145,474</u>	<u>-</u>

	2019	2018
	€	€
<i>Investments in equity instruments</i>		
Carrying amount as of January 1	-	-
Recognition following divestment of majority share	2,299,621	-
Investments	560,645	-
Divestments	-674,924	-
Fair value changes	-39,868	-
Carrying amount as of December 31	<u>2,145,474</u>	<u>-</u>

	12/31/2019	12/31/2018
	€	€
<i>Other receivables</i>		
Deferred tax claims	-	19,200
Other loans	42,392	300,000
	<u>42,392</u>	<u>319,200</u>

The interest charge on the other loans is 5% (2018: 3,6%). Repayment is due December 15, 2021.

Current assets

5. Receivables, prepayments and accrued income

Trade receivables

Trade receivables	130,954	2,780,183
	<u>130,954</u>	<u>2,780,183</u>

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

Other receivables, deferred assets

Other receivables, deferred assets and prepayments	<u>72,236</u>	<u>272,419</u>
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6. Securities

Black Pearl Digital AG	695,928	2,017,908
Luyanta AG	-	391,500
Other listed securities	5,873,873	144,388
Put option shares IT Competence Group SE	<u>30,541</u>	<u>-</u>
Total securities	<u>6,600,342</u>	<u>2,553,796</u>

Black Pearl Digital AG and Luyanta AG are considered related parties.

With the sale of 51% of the shares of IT Competence Group SE to Audius AG, call and put options are agreed upon with the buyer for the remaining 408.023 shares. Call options are in place of € 8,90 per share, and put options for € 4,93 per share. As per year end the call option has a value of nil, and the put option at € 30.541.

All securities are held for trading and are recognised at fair value (listed value).

7. Group capital

Group equity

Please refer to the notes to the non-consolidated balance sheet on page 45 of this report for an explanation of the equity.

	2019	2018
	€	€
<i>Minority share in group equity</i>		
Carrying amount as of January 1	528,141	182,700
Share in result	37,542	345,441
Acquisition of a minority share in The Acon Group SE	-413,674	-
Deconsolidation IT Competence Group SE	-151,887	-
Carrying amount as of December 31	<u>122</u>	<u>528,141</u>

8. Non-current liabilities

	12/31/2019	12/31/2018
	€	€
<i>Finance company debt</i>		
Mortgage loan	<u>1,593,642</u>	<u>1,631,250</u>

A mortgage loan was facilitated for an amount of € 1.710.000 with a term of 5 years.
An amount of € 45.000 is due within one year, and € 1.548.642 within 1 to 5 years.
The interest rate amounts to EURIBOR + 3.1%.

The following securities were provided for the loan:

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

The following loan covenants are applicable:

- Loan to value to be no greater than 70% for the duration of the facility;
- Interest Cover Ratio to be not less than 2.0 times.

	Mortgage loan
	€
Carrying amount as of January 1, 2019	1,676,250
Repayment	-37,608
Repayment obligations next financial year	-45,000
Long-term part as of December 31, 2019	<u>1,593,642</u>

9. Current liabilities

	12/31/2019	12/31/2018
	€	€
<i>Repayment obligation long-term debt</i>		
Mortgage loans	<u>45,000</u>	<u>45,000</u>
<i>Trade creditors</i>		
Creditors	<u>47,919</u>	<u>1,905,564</u>
<i>Accruals and deferred income</i>		
Deposits	-	12,770
Other accruals and deferred income	<u>119,959</u>	<u>1,518,378</u>
	<u>119,959</u>	<u>1,531,148</u>

6 NOTES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2019

10. Net turnover

The revenues decreased in 2019 compared to 2018 with 79.3 %.

The majority of the decrease of revenues is caused by the deconsolidation of IT Competence Group SE in 2019 and Acon Aktienbank end 2018.

	2019	2018
	€	€
11. Employee expenses		
Wages and salaries	2,651,636	13,007,934
Social security charges	458,022	2,218,725
Other personnel costs	-	824,835
	<u>3,109,658</u>	<u>16,051,494</u>

Other personnel costs

Staff

During the 2019 financial year, the average number of employees in the Group, converted into full-time equivalents, amounted to 73 (2018: 214). All employees are employed outside of the Netherlands.

Management's total remuneration approximated € 277,000 in 2019 (2018: € 855,000).

12. Amortisation and depreciation

Intangible fixed assets	11,055	51,706
Tangible fixed assets	10,627	90,603
	<u>21,682</u>	<u>142,309</u>

Financial income and expenses

13. Result on sale of shares of participating interests

Result on sale of shares Acon Actienbank GmbH	526,036	390,492
Result on acquisition of shares The Acon Group SE	421,339	-
Result on sale of shares IT Competence Group SE	4,520,340	125,981
	<u>5,467,715</u>	<u>516,473</u>

14. Taxation on result of ordinary activities

Corporate income tax	2	-39,948
Movement of deferred tax assets	-65,000	-190,400
	<u>-64,998</u>	<u>-230,348</u>

	2019	2018
	€	€
15. Share of minority interest in result		
Minority interests IT Competence Group SE	-56,618	-475,146
Minority interests The Acon Group SE	-32	-
Minority interest proMX GmbH	-37,511	-101,592
	<u>-94,161</u>	<u>-576,738</u>

OTHER DISCLOSURE

Post balance sheet events

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. The COVID-19 outbreak has disrupted business as usual in our investments. A relative slowdown in activity for our investments is expected.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the company may experience impairments on our investments. The exact impact of COVID-19 for the remainder of 2020 can therefore not be predicted. Whilst uncertain, we do not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity.

On 5 June 2020 the company sold 408.023 shares in IT Competence SE to Audius AG with total proceeds amounting to € 3.631.405.

In November 2020 Black Pearl Digital AG decided to propose to the company's Annual General Meeting to adopt a resolution on the acquisition of 100% of the shares of net Digital AG with its operating subsidiaries net mobile minick GmbH, Mobile Business Engine GmbH, myFlirt GmbH, ecardon payments GmbH, in the course of a capital increase against contribution in kind under exclusion of the shareholders' subscription rights.

8 COMPANY BALANCE SHEET AS AT DECEMBER 31, 2019

(after appropriation of result)

		December 31, 2019		December 31, 2018	
		€	€	€	€
ASSETS					
FIXED ASSETS					
Financial fixed assets	(16)		6,100,577		3,938,625
CURRENT ASSETS					
Receivables, prepayments and accrued income	(17)				
Receivables from group companies		293,451		255,417	
Taxes and social securities		2,474		2,749	
Other receivables, deferred assets		4,011		28,561	
			299,936		286,727
Securities	(18)		6,574,884		2,504,212
Cash and cash equivalents			2,572,318		2,118,686
TOTAL OF ASSETS			<u>15,547,715</u>		<u>8,848,250</u>

	December 31, 2019		December 31, 2018	
	€	€	€	€
EQUITY AND LIABILITIES				
EQUITY (19)				
Issued share capital	1,311,089		1,311,089	
Share premium reserve	20,198,673		20,198,673	
Legal reserve	1,584,829		-	
Other reserves	<u>-8,601,283</u>		<u>-12,851,910</u>	
		14,493,308		8,657,852
NON-CURRENT LIABILITIES (20)				
Debt to group companies		1,000,000		-
CURRENT LIABILITIES (21)				
Trade creditors	-		2,999	
Amounts due to participants and to companies in which participation takes place	23,630		-	
Payables to other related parties	-		303	
Accruals and deferred income	<u>30,777</u>		<u>187,096</u>	
		54,407		190,398
TOTAL OF EQUITY AND LIABILITIES		<u>15,547,715</u>		<u>8,848,250</u>

9 COMPANY PROFIT AND LOSS ACCOUNT OVER 2019

		2019		2018	
		€	€	€	€
Net turnover	(22)		50,000		122,950
Employee expenses		116,000		284,000	
Other operating expenses		378,456		251,791	
			494,456		535,791
Operating result			-444,456		-412,841
Financial income and expenses	(24)		4,152,918		1,496,002
Result before tax			3,708,462		1,083,161
Taxation on result of ordinary activities			-		-
Result from participations	(25)		542,165		706,874
Result after tax			4,250,627		1,790,035

10 NOTES TO THE COMPANY BALANCE SHEET AS OF DECEMBER 31, 2019

Fixed assets

	12/31/2019	12/31/2018
	€	€
16. <i>Financial fixed assets</i>		
Participations in group companies	1,587,921	596,220
Receivables from group companies and other investments	2,332,183	3,042,405
Investments in equity instruments	2,145,473	-
Other receivables	35,000	300,000
	<u>6,100,577</u>	<u>3,938,625</u>

Participations in group companies

IT Competence Group SE at München (23,23%)	-	1
The Acon Group SE at München (99,99%)	1,587,920	596,218
Elgin Road Property Holdings Ltd. at Dublin (100%)	1	1
	<u>1,587,921</u>	<u>596,220</u>

	2019	2018
	€	€
<i>IT Competence Group SE</i>		
Carrying amount as of January 1	-1,425,743	-2,218,668
Conversion loan to share premium	1,032,075	-
Change in ownership	132,725	125,982
Transfer to investments in equity instruments	49,423	-
Share in result	211,520	666,943
	-	-1,425,743
Provision loan	-	1,425,744
Carrying amount as of December 31	<u>-</u>	<u>1</u>

The Acon Group SE

Carrying amount as of January 1	596,218	387,852
Investments	175,000	-
Valuation increase investment	421,339	-
Share in result	395,363	208,366
Carrying amount as of December 31	<u>1,587,920</u>	<u>596,218</u>

Navigator Equity Solutions SE has acquired the majority of the shares in The Acon Group SE as per January 2, 2019 increasing its interest from 49,99% to 99,99%.

	<u>2019</u>	<u>2018</u>
	€	€
<i>Elgin Road Property Holdings Ltd.</i>		
Carrying amount as of January 1	-168,425	10
Share in result	<u>-16,485</u>	<u>-168,435</u>
	-184,910	-168,425
Provision loan	<u>184,911</u>	<u>168,426</u>
Carrying amount as of December 31	<u><u>1</u></u>	<u><u>1</u></u>

For the negative equity of Elgin Road property Holdings Ltd, amounting to € 184,910 (2018: € 168,425), an amount of € 184,911 is deducted from the outstanding loan to the subsidiary. The subsidiary is not valued less than € 1. The share in the result of Elgin Road Property Holdings Ltd. amounts to € -16,485.

	<u>12/31/2019</u>	<u>12/31/2018</u>
	€	€
<i>Receivables from group companies and other investments</i>		
IT Competence Group SE at München (23,23%)	1,366,894	2,060,632
Elgin Road Property Holdings Ltd. at Dublin (100%)	<u>965,289</u>	<u>981,773</u>
	<u><u>2,332,183</u></u>	<u><u>3,042,405</u></u>

	2019	2018
	€	€
<i>IT Competence Group SE</i>		
Carrying amount as of January 1	3,486,376	2,390,000
Conversion short term to long term loan	-	1,096,376
New loan	1,000,000	-
Conversion loan to share premium IT Competence Group SE	-1,390,000	-
Conversion to new loan	-1,000,000	-
Repayments	-783,003	-
Interest	53,521	-
	1,366,894	3,486,376
Provision loan due to negative equity	-	-1,425,744
Carrying amount as of December 31	1,366,894	2,060,632

For 2019 the interest charge on the receivables from IT Competence Group SE is between 2% and 3%. Repayment is due between December 31, 2021 and December 31, 2022.

Elgin Road Property Holdings Ltd.

Carrying amount as of January 1	1,150,199	-
Movement	-	1,150,199
	1,150,199	1,150,199
Provision loan due to negative equity	-184,910	-168,426
Carrying amount as of December 31	965,289	981,773

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

	12/31/2019	12/31/2018
	€	€

Investments in equity instruments

IT Competence Group SE	2,145,473	-
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	2019	2018
	€	€

Investments in equity instruments

Carrying amount as of January 1	-	-
Transfer from Participations in group companies	-49,423	-
Recognition following divestment of majority share	2,194,896	-
Carrying amount as of December 31	2,145,473	-

	12/31/2019	12/31/2018
	€	€
<i>Other receivables</i>		
Other loans	35,000	300,000

The interest charge on the other loans is 5% (2018: 3,6%). Repayment is due December 15, 2021.

Current assets

17. Receivables, prepayments and accrued income

Receivables from group companies

Elgin Road Property Holdings Ltd	293,451	253,790
ITCG AG	-	1,627
	<u>293,451</u>	<u>255,417</u>

18. Securities

Black Pearl Digital AG	695,928	2,017,908
Luyanta AG	-	391,500
Other listed securities	5,848,415	94,804
Put option shares IT Competence Group SE	30,541	-
Total securities	<u>6,574,884</u>	<u>2,504,212</u>

Black Pearl Digital AG and Luyanta AG are considered related parties.

All securities are held for trading and are recognised at fair value (listed value).

19. **Equity**

	<u>12/31/2019</u>	<u>12/31/2018</u>
	€	€
<i>Issued share capital</i>		
Subscribed and paid up 6,555,445 ordinary shares at par value € 0.20	<u>1,311,089</u>	<u>1,311,089</u>
	<u>2019</u>	<u>2018</u>
	€	€
<i>Share premium reserve</i>		
Carrying amount as of January 1	<u>20,198,673</u>	<u>20,198,673</u>
Carrying amount as of December 31	<u>20,198,673</u>	<u>20,198,673</u>
<i>Legal reserve</i>		
Carrying amount as of January 1	-	-
Recognition following divestment of majority share IT Competence Group SE	2,299,621	-
Movement	-714,792	-
Carrying amount as of December 31	<u>1,584,829</u>	<u>-</u>
The legal reserve consists for 100% of a revaluation reserve.		
<i>Other reserves</i>		
Carrying amount as of January 1	-12,851,910	-14,641,945
Allocation of financial year net result	<u>4,250,627</u>	<u>1,790,035</u>
Carrying amount as of December 31	<u>-8,601,283</u>	<u>-12,851,910</u>

At December 31, 2019 the number of own shares held by Navigator Equity Solutions SE amounted to 1,976,104 which have a value of € 3,438,421 (listed share value).

The difference between the 2019 consolidated equity and the company only equity amounts to € 383,965.

The difference is caused by the negative equity of Acon Research und Services GmbH of € 383,965 which is valued in the company only financial statements at € 1.

The difference between the 2019 consolidated result and the company only result amounts to € 18.684.

The difference is caused by the negative result of Acon Research und Services GmbH of € 18,684, which due to the negative equity is not included in the company only result as the participation is valued at € 1.

20. **Non-current liabilities**

	<u>12/31/2019</u>	<u>12/31/2018</u>
	€	€
<i>Debt to group companies</i>		
Loan The Acon Group SE	<u>1,000,000</u>	<u>-</u>
	<u>2019</u>	<u>2018</u>
	€	€
<i>Loan The Acon Group SE</i>		
Carrying amount as of January 1	-	-
New loans	1,200,000	-
Repayment	-200,000	-
Long-term part as at December 31	<u>1,000,000</u>	<u>-</u>

21. **Current liabilities**

	<u>12/31/2019</u>	<u>12/31/2018</u>
	€	€
<i>Payables to other related parties</i>		
The Acon Group SE	<u>-</u>	<u>303</u>
<i>Accruals and deferred income</i>		
Other accruals and deferred income	<u>30,777</u>	<u>187,096</u>

11 NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT 2019

22. Net turnover

The revenues decreased in 2019 compared to 2018 with 59.3%.

Staff

During the 2019 financial year the company had no employees.

The total remuneration for the statutory directors and supervisory board amounts to approximated € 116.000 (€ 2018: 284.000).

Other operating expenses

	2019	2018
	€	€
23. <i>General expenses</i>		
Other general expenses	378,456	251,791
24. Financial income and expenses		
Income of non-current receivables and securities	-921,274	1,202,413
Interest and similar income	176,633	259,568
Result on sale of shares of participating interests	4,941,685	125,981
Interest and similar expenses	-44,126	-91,960
	4,152,918	1,496,002
<i>Result on sale of shares IT Competence Group SE</i>		
Value adjustment of receivable company 1	48,263	-
25. Result from participations		
Share in result of participating interests	542,165	706,874

OTHER DISCLOSURE

Post balance sheet events

Reference is made to the other disclosures section in the consolidated financial statements.

Appropriation of the result for the 2018 financial year

The Annual General Meeting of Navigator Equity Solutions SE for the fiscal year 2018 took place in Waalre, the Netherlands, on July 16, 2019. In total 27.24 % of the share capital was represented at the meeting. All items of the agenda were approved unanimously.

Appropriation of the profit for 2019

The board of directors proposes to add the profit for 2019 of € 4,231,943 to the other reserves. This proposal has been processed in the annual account in advance of the adoption by the General Meeting.

Signing of the financial statements

Amsterdam, November 30, 2020

Management board

Robert Käß

Supervisory Board

E.R. Hoffman

J. Bodenkamp

OTHER INFORMATION

1 STATUTORY APPROPRIATION OF PROFIT

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

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

Article 17 of the company's Articles of Association:

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

2 INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and supervisory board of Navigator Equity Solutions SE

A. Report on the audit of the financial statements 2019 included in the annual report

Our disclaimer of opinion

We have audited the financial statements 2019 of Navigator Equity Solutions SE, based in Amsterdam.

We do not express an opinion on the financial statements of the company. Due to the significance of the matter described in the 'Basis for our opinion' section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying financial statements.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2019;
2. the consolidated and company profit and loss account for 2019;
3. the consolidated cash flow statement 2019; and
4. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

As a result of the sale of IT Competence Group SE per 15 March 2019, we have been unable to perform adequate audit procedures and determine the appropriateness of cut off procedures and therefore the recognition of revenue and expenses between 1 January 2019 and 15 March 2019 as the company had been sold on that date. For this reason we were unable to obtain reasonable assurance on the profit and loss account for the significant component IT Competence Group SE for the period from 1 January 2019 until 15 March 2019. We note that due to the sale of shares in IT Competence Group SE that the above circumstances would not impact the net result or equity of Navigator Equity Solutions SE.

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:

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

Due to the significance of the matter as described in the 'Basis for our opinion' section, we have not been able to consider in accordance with Part 9 of Book 2 of the Civil Code whether or not the other information:

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

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management 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 and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibilities is to express an opinion on the financial statements based on conducting the audit in accordance with Dutch law, including the Dutch Standards on Auditing. However, due to the matter described in the 'Basis for our opinion' section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

We are independent of Navigator Equity Solutions SE in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

Arnhem, 30 November 2020

CROP registeraccountants

P. van Roemburg MSc. RA