

To the shareholders and the board of directors of  
Icecat N.V.

Attn. Mr. M.J. Hoogeveen

De Liesbosch 12D

3439 LC NIEUWEGEIN

ANNUAL ACCOUNTS 2018

Report

On financial statements 2018

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**Icecat N.V.**

**AMSTERDAM**

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1. MANAGEMENT BOARD REPORT

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## **1.1 Management Board report**

### **Management Board Report**

During 2018, the annual revenues growth rate of Icecat increased to 19%, compared to 17% one year earlier. Roughly, one third of the growth can be attributed to the acquisition of Syndy B.V. - specialized in Product Information Management and Syndication (PIMS) for Fast Moving Consumer Goods (FMCG) - during 2018. The other two thirds of growth were organic. The net profit increased significantly by 28% to 882K euro and the EBITDA increased considerably by 26% to 1,061K euro compared to 2017, despite integration costs and the investments in Syndy. The financial strategy of Icecat is focused on continued fast-growth and operational excellence to optimize but not yet maximize profitability, in order to finance further acquisitions in the consolidating PIMS market. As a percentage, the net result was stable at 10% of revenues.

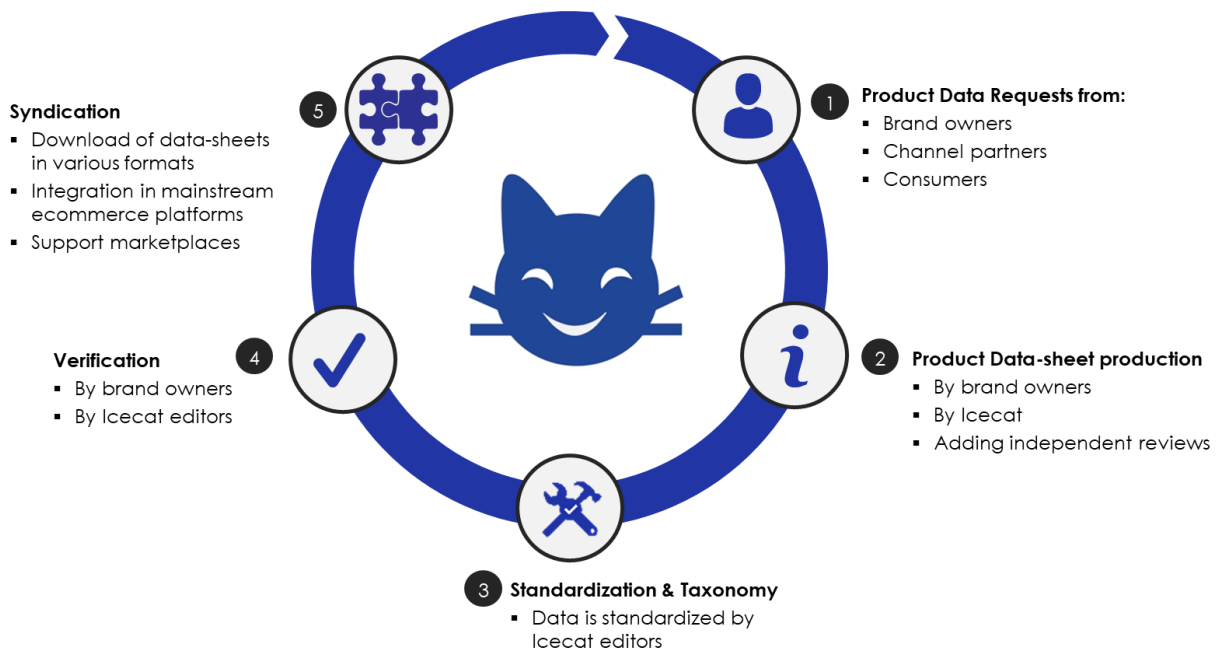
There was an increase in number of staff, compared to one year earlier, from 30 to 41. There were no significant changes in IT hardware investments during 2018.

During 2018, Icecat was able to expand both its international and local business in The Netherlands. The share of international business is stable at 64%. Icecat expanded its product data activities in the Fashion, Toys, Health & Beauty, Do It Yourself and FMCG verticals. Further, Icecat continued to win PIMS deals, in which it successfully deployed its PIMS cloud solutions.

The growth of PIMS cloud provider Iceshop stagnated in 2018, as the business line is transforming from projects-based to subscription-based business. Iceshop, which has a revenue share of 9%, continues to have a positive profit contribution. Syndy, with a revenue share of 8%, is scheduled to become EBT positive during 2019, based on continued growth and realized synergies, and made significant progress on these dimensions during 2018, after take-over.

Participation Hatch has become cash-flow positive, and was expanding considerably.

During 2018, the take-over talks of reviews aggregator Testseek started, which was finalized in February 2019, and has no impact on the 2018 figures. See <https://iceclog.com/icecat-acquires-swedish-reviews-aggregator-testseek/>



*Business Flow Icecat Product Information Management and Syndication*

The fast-growth of Icecat resulted in a FD Gazellen 2018 award, see:

<https://iceclog.com/icecat-awarded-financieel-dagblads-gazellen-2018-award-for-fast-growth/>

***Non-financial KPIs***

The key processes in Icecat's PIMS workflow are monitored through non-financial KPIs (Key Performance Indicators). The most significant KPI change, due to applying AI (artificial intelligence) and ETL (extract, transform & load) techniques, is the sharp increase of the annual product data-sheet production by 140% to 1.7 million new product data-sheets during 2018. Further, the number of product data-sheet downloads expanded by 7% to 6.7 billion downloads (NOTE: compared to previous years, this metric have been cleansed for downloads by internal systems). Further, the number of supported manufacturer brands increased by 9% to 23 thousand, the number of supported product categories grew by 10%, and the estimated number of connected channel partners (or ecommerce users) expanded by 7% to 80 thousand, distributed over 199 countries or territories. The number of connected technical platforms is expanding rapidly by 13%. The relatively new, JSON and Live (javascripted) user base expanded even faster by 28%. The higher degree of automation by our user base, results logically in a lower number of manual downloads by retailers through our user portal, which is in line with Icecat's usage policies. Ideally, we have only fully automated downloads by tech platforms, and manual downloads occasionally during the test phase of new accounts.

	2018	2017	Y-o-Y
Product Data-Sheet Downloads	6,678,116,171	6,241,986,441	7%
Product Data-Sheet Production	1,713,373	715,989	140%
Brands supported	23,317	21,418	9%
Categories supported	5,121	4,636	10%
Channel partners	80,199	74,908	7%
Tech Platforms Supported	5,562	4,914	13%
- of which LIVE or JSON users	1,568	1,226	28%
Countries or Territories	199		

For more statistical backgrounds see: <https://iceclog.com/category/statistics/>.

Based on its download statistics, Icecat annually publishes a Global Brand Top 1000, which gives insights in trends, is covered by specialized press, and generates brand interest. See

<https://iceclog.com/icecat-brand-top-1000-of-2018-hp-strongest-e-channel-brand-nike-and-bosch-do-well-in-their-categories/>

### ***Changes in competition***

In its core-vertical of product data for tech products, Icecat experiences that it's free Open Icecat model continues to be very successful, and continues to discourage direct competitors. In the UK, thus a local competitor in office supplies data, disappeared from the market. The same has happened in Germany before. The main competitive struggle in this core-vertical has moved to the US during 2018.

The take-over of Syndy in March 2018, has strengthened Icecat's position in its home market, and internationally within the FMCG vertical. Icecat collaborates with GS1 - the global chain of societies responsible for publishing barcodes - in rolling out a fashion database in The Netherlands, smart search in Poland, a PIMS solution in Singapore, and taxonomy consulting regarding the Do It Yourself and FMCG verticals. So, in stead of a potential competitor, GS1 has become a strategic partner for jointly expanding to new verticals.

The further opening up of major ecommerce marketplaces, such as the ones of Amazon, Alibaba, Google Shopping, and Walmart, for vendors to easily upload their product data through content partners, has moved Icecat's competitive edge to being a certified content partner of such marketplaces and building the most efficient rich media integrations. New entrants, like Salsify in the USA, have claimed a local position as PIMS integrator in this new arena. It's likely, that over time this niche market of PIMS integrators will experience a shake-out. It also creates a new opportunity to strengthen Icecat's position in the USA.

In the US market, one can also witness consolidation. For example, Gladson did a string of five acquisitions during 2018 in the areas of FMCG product data and PIMS software, and renamed itself and its activities to Syndigo. To defend its Benelux trademark, Syndy started begin 2019 a request to cancel the overlapping Syndigo trademark in the EU-IPO trademark database, and has registered also as a European trademark. Syndy considers further legal action, at least at EU-IPO. The cost for EU-IPO trademark cases are not material.

### ***Innovation***

The tech innovation of Icecat, and its daughter companies Iceshop and Syndy, have been focused during 2018 on improving its PIMS cloud services for manufacturer and merchant clients, and deploying Artificial Intelligence in relation to increasing the editorial productivity. The editorial capacity has more than doubled thanks to AI (artificial intelligence) techniques and a new ETL (extract, transform & load) service in support of editor productivity. Noteworthy, are the deployment of elastic search, the introduction of a micro service architecture, release of a new DAM (digital asset management) media gallery, better support of 3D images, applying AMP (accelerated mobile pages), and the introduction of product and brand stories in the form of html5 mini-sites as a new digital asset type, which are subsequently syndicated to retailer sites together with other digital assets and the good old product data-sheets.

The number of interfaces, supported by Icecat or third parties, has increased. Noteworthy, are the certification as content partner by Google Shopping, and Amazon, the collaboration with Oracle retail cloud and full support of Magento 2 (An Adobe Company) and Prestashop.

For a current overview of integrations see: <https://iceclog.com/icecat-add-ons-for-popular-solutions-and-implementation-partners/>

Iccat continued its pilots for the application of its ICURY (ICY) token and distributed ledger technology (DLT), a more generic term than blockchain, in its ecosystem. There are currently, 93 participants (wallet addresses) included in the pilot, whereby wallets are integrated in Icecat user accounts, and tokens can be uploaded to Icecat. Icecat tested two DLT fabrics, and chose one for continued piloting.

On average, Icecat and daughter companies coach around 10 trainees, in the areas of tech, digital marketing, and online sales. This fosters a culture of innovation, an influx of fresh ideas and new staff on master or bachelor level, and relations with universities participating in the EU Erasmus program.

Iccat continues to qualify for Dutch R&D subsidies (Dutch: “WBSO”) and the related profit tax break, i.e., the so-called 5% innovation box (Dutch: “innovatiebox”).

### ***Sustainability***

Iccat’s small fleet of 13 lease cars consists of 11 plug-in hybrid electrical vehicles (PHEVs), 1 diesel, and one Full Electrical Vehicle (FEV). Under the current FEV-only policy for new lease contracts, two more FEVs are being ordered, replacing the diesel and one PHEV car.

The rooftop of the Dutch Nieuwegein office of Icecat has been covered with solar panels, which lowers the monthly energy bill with more than 100% as 5618kw is produced over a period of 12 months, while the office and car charge use was in total 4853kw. This resulted in a small net credit from the energy company.

In the Amsterdam office, we placed seven Icecat branded company bikes, which help to limit the use of cars for commuting and other short trips from and to the office, and also have a promotional value. Further, recycling has been introduced here for paper, glass and plastic.

The hosting company we use for co-locating our servers are run by a company that claims to be climate neutral.

A bigger impact - as it relates to Icecat’s core-business - is that the product data-sheets of Icecat include the mandatory EU Energy Labels for home appliances and cars, and other

sustainability labels such as Energy Star and GEN (global ecolabelling network) labels, when relevant for the product category. Research has shown that the presence of such labels strongly influences buying decisions.

More about Icecat's ambition to become climate neutral:

<https://iceclog.com/icecat-becoming-climate-neutral/>

Regarding discrimination at the workplace, there has been one reported incident about a non-native and now former trainee making derogative comments about women.

At the end of 2018, Icecat's teams included 20 different nationalities. This diversity is necessary for commercially developing all e-commerce markets. Icecat benefits from a culture where being different is appreciated.

Iccat's outsourced operational and technical activities provide decent work to around 108 remote editors, developers and operational staff, mainly located in Ukraine, indirectly providing stable income to families in a turbulent nation that in the European context can be considered to be a developing nation. Emigration among Icecat's remote hires is very low. Continuous innovation and productivity gains keep the high-skilled jobs interesting.

### ***Board and Remuneration***

There were no changes in the formal management board.

Emre Tan has acquired through his holding E-nvest 265,000 shares from Snijders Invest B.V., resulting in a total of 365,000 shares (a 3.5% shareholding). He sold his 500 depository receipts (DR) as part of the above-mentioned transaction. Further, he has the option to purchase 30,000 DRs at the introduction price of 10 euro/DR. His gross salary modestly increased to 110,488 euro during 2018.

The shareholding of CEO Martijn Hoogeveen, through iMerge B.V., increased with 1.3%, from 8,177,800 to 8,315,603 shares (a 79.6% shareholding) after the exit transaction with Snijders Invest B.V. Further, iMerge had a holding of 309,750 DRs at the start of 2018, of which net 53,036 DRs were delivered to third parties in behalf of Icecat N.V. (mainly payment of part of the take-over sum for Syndy in DRs) and 500 DRs were directly sold on NPEX. At December 31, 2018 the balance was thus reduced to 256,214 DRs. (Note: the execution of a put option by some former Syndy shareholders leads to a partial reversal of the above-mentioned transfer of DRs during 2019).

The management fee of Netvalue, the holding of CEO Martijn Hoogeveen, has been modestly increased to 149,086 euro during 2018 as the principal focus of a main shareholder should be to continue to create shareholder value.

The following nominal changes took place in the board.

Vazha Abramishvili, already working for Icecat since 2010 in several positions as region manager CEE & CIS and manager business & product development, has been appointed as COO per January 1, 2019. He did an MBA at the Hague University of Applied Sciences and received a master degree in Economics at the Tbilisi State University. The appointment reflects the increased scope of his responsibilities, which include driving synergies between group activities such as Syndy and Iceshop.

Upon the acquisition of Syndy, Pieter van Herpen joined the board as Chief Innovation Office (CIO) in addition to being CEO of Syndy. His group contribution is mainly focused on assisting with mergers and acquisitions.

Erik Snijders stepped down as CCO as part of his exit deal, and managing director Emre Tan Altinok had already taken over his responsibilities during 2018. See for more details:



<https://iceclog.com/icecat-shareholders-agree-on-exit-co-founder-free-float-of-icecat-shares-increases-to-7/>

During 2019, Sergii Shvets steps down as CTO, to mitigate a conflict of interest with a solution provider that he co-owns, but will stay closely involved in the development of the architecture of the Icecat ecosystem so that continuity is guaranteed. Vazha Abramishvili will continue to take care of operational tech management, in conjunction with the tech management of the daughter companies.

Iccat has still a one-tier board, for efficiency reasons, whereby the independent managing director of the trust office (Stichting Administratie Kantoor Icecat) represents the interests of the investors in DRs in shareholder meetings, whereby the shareholder meeting has a supervisory function, and whereby Icecat board members don't participate in decision making or voting in case of a conflict of interest. As Icecat becomes bigger and more complex, planning the formal installation of a supervisory board or expanding the one-tier board with one or more independent directors has become an agenda point. Composition of the board per December 31, 2018: of the six members, three (50%) are non-native, one (17%) is female. The appointment policy is purely meritocratic: it's just factual and measurable results that matter. A higher female participation would be appreciated.

### ***External Auditor***

The external auditor has changed per January 2018 to Calculations B.V. (part of HLB Den Hartog Accountants and Consultants B.V.), as its register accountant, Anthonie van Zwiene, moved to this company from Hak+Baak Auditors. This ensured continuity in the auditing process.

### ***Business Risks***

Regarding business risks, 2018 brought only gradual changes. There's an ongoing consolidation in the e-commerce market in which global platforms like Amazon and Alibaba are increasingly dominant. Marketplaces, intermediaries through which retailers offer their goods to consumers, are becoming increasingly important for major ecommerce players like Amazon, BOL, Zalando, Alibaba and others.

Further, the effects of the ongoing cannibalization of the physical retail market manifested itself in high-profile retail chains continuing to go bankrupt. A trend that increasingly applies to any retail vertical.

The general economic conditions during 2018 were very favorable, but are likely to deteriorate during 2019, due to global political tensions, Italy and Turkey facing a recession, Germany's economy cooling off, the EU and global economy experiencing a slowdown, and increased uncertainties related to Brexit and US-centered trade conflicts. The inclusion of multiple PIMS solutions in the portfolio of Icecat pays off, as it led to better integrations of product content into the ecosystems of major clients. Nevertheless, there are many players on the PIMS market, and every high-end client has complex and changing requirements, which can be difficult to meet. In the PIMS market it's important to develop a strong and competitive brand. At the same time, many PIMS players are (potential) partners for Icecat.

Because of the introduction of Mifid2, NPEX was relicensed as an MTF (multilateral trade facility) by Authority Financial Markets. Subsequently, the trade resumed as of April

2018. Icecat expects to see improvements in the trade system of NPEX like a real-time order book, leading to a more efficient matching of buy and sell orders for its DRs.

The adoption of new or updated (EU) legal frameworks for copyrights in the digital age might continue to have some impact on the way that Icecat is organizing and operating its content syndication processes. Icecat didn't face any legal challenges during 2018 in this respect, but is closely monitoring changes in the legal environment. GDPR compliance had, apart from updating terms and conditions, a limited impact as Icecat is hardly exposed to the data of private persons, and already operates secure databases in its self-managed hosting facility.

Due to the tight labor market for staff with digital competences, Icecat might not always be able to quickly fill its job positions. The geopolitical situation in Ukraine, where Icecat contracts editors and developers, stabilized and took the form of a frozen conflict. Till now, the impact for Icecat was limited to relocating one smaller developer office from an eastern province in Ukraine, bordering the contested regions. In case that this conflict flares up again, this might lead to increased unrest, which typically results in a higher emigration pressure.

The tax ruling for the 5% innovation box ended in 2017, and Icecat has asked for a new ruling. It might be that in a new ruling a different application of the innovation box is agreed upon, which might lead to a somewhat higher or lower profit tax (Dutch "vpb").

### **Iccat Depository Receipts**

The Icecat share price ended in 2018 at €10.46, 4.6% above the IPO introduction price of Icecat DRs through the Dutch exchange NPEX in February 2017, and +7.3% compared to the share price one year earlier.

During 2018, the highest price was €10.49, and the lowest was €7.00.

During 2018, the liquidity of Icecat on NPEX improved sharply year-on-year: by 100% in terms of traded DR volume, and by 88% in terms of traded euro amounts.

The free float increased during 2018 to 6.6% (from 4.2%) as the remaining Icecat shares of Snijders Invest B.V. were all converted to DRs. Snijders Invest has a partial lockup as he can not sell DRs below the last market price.

Icecat N.V.  
Amsterdam

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The income per ordinary share over 2018 was 0.08 euro, compared to 0.07 during 2017. By negotiating partial lockups with former Syndy shareholders and Snijders Invest B.V., i.e., not allowing to sell DRs below the last market price, Icecat has intended to mitigate the risk of over-supply on price forming. The liquidity on NPEX needs to continue to increase, to be able to fully absorb the DR supply of such shareholders.

See

<https://iceclog.com/icecat-share-price-at-npex-during-2017-and-2018-increased-4-6-since-its-ipo/>

The financial calendar for 2019 is maintained here:

<https://iceclog.com/financial-calendar-icecat-n-v/>

Amsterdam, April 29, 2019,

Martijn J. Hoogeveen

Emre Tan Altinok

## 2. CONSOLIDATED ACCOUNTS

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**2.1 Consolidated balance sheet as of December 31, 2018**  
(After proposal appropriation of result)

		31-12-2018		31-12-2017	
		€	€	€	€
<b>ASSETS</b>					
<b><u>Fixed assets</u></b>					
<b>Tangible fixed assets</b>	1				
Land and buildings		4,312		-	
ICT hardware and other equipment		285,597		324,994	
			289,909		324,994
<b>Financial fixed assets</b>	2				
Participations in group companies (equity value)	3	4,884,674		3,167,261	
Participations in affiliated companies	4	3,931,200		3,931,200	
Other amounts receivable	5	<u>14,927</u>		<u>14,927</u>	
			8,830,801		7,113,388
<b><u>Current assets</u></b>					
<b>Receivables</b>					
Trade debtors	6	1,913,839		1,828,733	
Receivables from associated companies	7	-		17,335	
Other receivables and accrued assets	8	<u>544,233</u>		<u>493,792</u>	
			2,458,072		2,339,860
<b>Cash</b>	9		4,402,508		4,434,299
<b>Total assets</b>			<b>15,981,290</b>		<b>14,212,541</b>

	<u>31-12-2018</u>		<u>31-12-2017</u>	
	€	€	€	€
<b>LIABILITIES</b>				
<b>Group equity</b>	10	11,594,932		10,713,142
<b>Short-term liabilities</b>				
Trade creditors	11	232,331		126,785
Liabilities to group companies	12	956,426		3,993
Taxes and social security premiums	13	217,097		299,132
Other liabilities and accrued expenses	14	<u>2,980,504</u>		<u>3,069,489</u>
		4,386,358		3,499,399
<b>Total liabilities</b>		<u>15,981,290</u>		<u>14,212,541</u>

## 2.2 Consolidated statement of income for the year 2018

		2018		2017	
		€	€	€	€
<b>Net Turnover</b>	15	8,361,377		7,005,666	
Cost of sales		<u>-756,593</u>		<u>-954,769</u>	
<b>Gross margin</b>			7,604,784		6,050,897
Expenses work contracted out and other external expenses	16	250,066		155,688	
Personnel expenses	17	2,756,791		2,165,541	
Depreciation of intangible and tangible fixed assets		126,731		121,766	
Other operating expenses	18	<u>3,536,921</u>		<u>2,888,901</u>	
<b>Total operating expenses</b>			<u>6,670,509</u>		<u>5,331,896</u>
<b>Operating result</b>			934,275		719,001
Revenues of receivables from fixed assets and securities		-		8,464	
Interest and similar expenses		<u>-10,107</u>		<u>-26,348</u>	
<b>Financial income and expense</b>			<u>-10,107</u>		<u>-17,884</u>
<b>Consolidated result from operational activities before taxation</b>			924,168		701,117
Taxation	19		<u>-217,286</u>		<u>-121,628</u>
			706,882		579,489
Share in result from participations			<u>174,911</u>		<u>105,442</u>
<b>Net consolidated result after taxation</b>			<u>881,793</u>		<u>684,931</u>

As there is no other comprehensive income, net income is equal to the total of comprehensive income. The net result, and therefore the comprehensive income are fully attributable to the shareholders.

### 2.3 Consolidated cash flow statement for the year 2018

The figures below are stated x € 1,000

#### Cash flow from operating activities

Operating result		934		719
<i>Adjustments for</i>				
Depreciation of intangible and tangible fixed assets	127		122	
Result from participations not through participations	-		-	
		127		122
<i>Changes in working capital</i>				
Trade debtors	-85		-196	
Receivables from associated companies	17		-17	
Other accounts receivable	-50		-128	
Accounts payable (excluding banks)	886		679	
		768		364
<b>Cash flow from operating activities</b>		<b>1,829</b>		<b>1,179</b>
Interest received	-		8	
Interest paid	-10		-26	
Taxation	-217		-122	
		-227		-140
<b>Cash flow from operating activities</b>		<b>1,602</b>		<b>1,039</b>
<b>Cash flow from operating activities</b>				
Investments in tangible assets	-92		-114	
Investments in financial fixed assets	-1,542		-2,960	
Disposal of tangible fixed assets	-		-	
<b>Cash flow from operating activities</b>		<b>-1,634</b>		<b>-3,074</b>
<b>Cash flow from financing activities</b>				
Receipts from issuance of share capital	-		4	
Share premium in financial year	-		4,432	
Dividend paid	-		-	
Movement banks	-		-	
<b>Cash flow from financing activities</b>		<b>-</b>		<b>4,436</b>
<b>Movements cash</b>		<b>-32</b>		<b>2,401</b>



	<u>2018</u>	<u>2017</u>
	€	€
<b>Turnover movement cash and cash equivalents</b>		
Balance as at beginning of financial year	4,434	2,033
Movements during financials year	<u>-32</u>	<u>2,401</u>
Balance at financial year end	<u><u>4,402</u></u>	<u><u>4,434</u></u>

## 2.4 Notes to the financial statements of the consolidated annual report

### Entity information

#### Registered address and registration number trade register

The actual address of Icecat N.V. is De Liesbosch 12D, 3439 LC in Nieuwegein, the registered seat is Amsterdam (J. Geesinkweg 125, 1114 AB). Icecat N.V. is registered at the trade register under number 30259744.

### General notes

#### The most important activities of the entity

The activities of Icecat N.V., having its legal seat at Amsterdam, and its group companies, primarily consist of developing and exploiting open content media companies.

#### Disclosure of group structure

Iccat N.V. is part of a group. The head of this group is Netvalue B.V., having its legal seat in Bilthoven. The financial statements of Icecat N.V. are not included in the consolidated financial statements of Netvalue B.V., due to exemption for small legal entities.

#### Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Icecat N.V. 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 transparency, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

#### Disclosure of consolidation

In the consolidated financial statements 2018 of Icecat N.V. are included the financial figures of Iceshop B.V., having its legal seat in Utrecht (business seat: Nieuwegein), Icecat International B.V., Icecat Nederland B.V., both companies with legal seat in Nieuwegein (incorporated in 2017) and Syndy B.V.. The financial statements 2017 of Syndy B.V. has not been adjusted in the comparative figures of Icecat N.V. In 2018 the shares of Syndy B.V. were acquired by Icecat N.V. on the basis of an cash and exchange of shares transaction. The shares of Syndy B.V. have been acquired with effect from January 1, 2018.

#### The policies for consolidation

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.

#### The reason for not consolidating a subsidiary

The following subsidiaries are not consolidated, due to lack of predominant control:

- Hatch B.V., Amsterdam
- Icecat Ukraine LLC, Kiev, Ukraine
- Icecat Content Sourcing OÜ, Tallin, Estonia

#### Disclosure of related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered to be a related party. In addition,

statutory directors, other key management of Icecat N.V. or the ultimate parent corporation and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

### **General accounting principles**

#### **The accounting standards used to prepare the financial statements**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements. These financial statements are presented in €, the company's functional currency.

#### **Disclosure of fair value information when the report is prepared on historical cost basis**

Some accounting principles demand determination of the fair value of both financial and non-financial assets and liabilities. Fair value is therefore determined for each relevant section as written below.

Determination of fair value is categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 inputs are unobservable inputs for the asset or liability.

#### **Foreign currency translation for the balance sheet**

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 consolidated statement of income and expenses, unless hedge accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

#### **Financial instruments**

In the context of financial risk management Icecat N.V. has identified the following risks:

##### **Currency risk**

Icecat N.V. operates internationally and the sales in foreign currency is less than 1%. The effects on equity and results are calculated at the balance sheet data.

#### Interest rate risk

Long term and bank debt are not applicable within Icecat N.V.

Current liabilities and receivables in affiliated companies, the fee applicable interest rate at that time, which is reflected in the figures at the balance sheet date.

#### Credit risk

Receivables whose due date has passed more than 100 days, a provision of 100% will be made without VAT. The provision accounts receivables at the end of 2018 is EUR 129K (2017: 143K).

#### Liquidity risk

Icecat N.V. manages its liquidity risk with cash provided from operating activities being the primary source of liquidity.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends for the next 12 months and the foreseeable future.

All financial liabilities held at the reporting date, for which payments are already contractually agreed, have been included. Amounts in foreign currency have been translated using the reporting date closing rate.

### **Accounting principles**

#### **ICT hardware and other equipment**

Tangible fixed assets are presented at cost less accumulated 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.

Tangible fixed assets are capitalized 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.

#### **Impairment of ICT hardware and other equipment**

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

#### **Financial assets**

##### Participations in group companies

Participations in group companies are companies over which Icecat N.V. has the power to control. These participations for using the equity method.

##### Other participations (net asset value)

Where significant influence is exercised, associated companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by Icecat N.V.. Associated companies with a negative net equity value are valued at nil.

If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

#### Other participations (fair value)

Where no significant influence is exercised, associated companies are valued under the fair value method, but not lower than a nil value.

If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

#### Other amounts receivable

Upon initial recognition the receivables from and loans to associated companies and other receivables are valued at fair value and then valued at amortized cost, which equals the face value, after deduction of any provisions.

#### **Impairment of financial assets**

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

#### **Receivables**

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. 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. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

#### **Cash and cash equivalents**

Cash and cash equivalents are valued at face value. If cash is not freely available this is taken into account for the valuation.

Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities.

#### **Equity**

When Icecat N.V. purchases treasury shares, the consideration paid is deducted from equity (other reserves or any other reserve if the articles of association allow so) until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity (other reserves or any other reserve). The consideration received will be added to the reserve from which earlier the purchase price has been deducted.

Incremental costs directly attributable to the purchase, sale and/or issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### **Current other payables**

Upon initial recognition other payables are recognised at fair value. After initial recognition other payables are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

#### **Accounting principles for determining the result**

The result is the difference between the realisable value of the goods/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.

#### **Revenue recognition**

Revenues from services are recognized 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 to the same period.

#### **Depreciation of ICT hardware and other equipment**

Depreciation of other fixed assets 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.

Future depreciation is adjusted if there is a change in estimated future useful life.

Gains and losses upon disposal of a business asset are included in depreciation.

#### **Income tax expense**

Tax on the result is calculated based on the result before tax in the consolidated statement of income and expenses, 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.

In the financial statements of group companies a tax charge is calculated on the basis of the accounting result.

#### **Cash flow statement**

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents.  
Cash equivalents can be considered to be highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement under cash flow from operating activities.

Corporate income taxes, interest paid, interest received and dividends received are presented under the cash flow from operating activities. Issuance of share capital and dividends paid are presented under the cash flow from financing activities.

The cost of group companies acquired is presented under the cash flow from investment activities, as far as payment has been made with cash and cash equivalents. The cash and cash equivalents of the group companies acquired are deducted from the purchase cost.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as an expenditure of financing activities as far as it concerns redemptions and as an expenditure of operational activities as far as it concerns interest.

## 2.5 Notes to the consolidated balance sheet

### Fixed assets

#### 1 Tangible fixed assets

	ICT hardware and other equipment €
Balance as of January 1, 2018	
Purchase value	634,941
Accumulated depreciation	<u>-309,947</u>
Book value as of January 1, 2018	<u>324,994</u>
Movements	
Investments	91,646
Depreciation	-126,731
Disposal purchase value	-96,443
Disposal accumulated depreciation	<u>96,443</u>
Balance movements	<u>-35,085</u>
Balance as of December 31, 2018	
Purchase value	630,144
Accumulated depreciation	<u>340,235</u>
Book value as of December 31, 2018	<u>289,909</u>
Depreciation percentages	<u>20</u>



## 2 Financial fixed assets

	Participations in companies (equity value) €	Other group participations (net asset value) €	Other amounts receivable €	Total €
Balance as of January 1, 2018				
Principal value	<u>3,167,261</u>	<u>3,931,200</u>	<u>14,927</u>	<u>7,113,388</u>
Balance as of January 1, 2018	<u>3,167,261</u>	<u>3,931,200</u>	<u>14,927</u>	<u>7,113,388</u>
Movements				
Goodwill	1,542,502	-	-	1,542,502
Result	<u>174,911</u>	-	-	<u>174,911</u>
Balance movements	<u>1,717,413</u>	-	-	<u>1,717,413</u>
Balance as of December 31, 2018				
Principal value	<u>4,884,674</u>	<u>3,931,200</u>	<u>14,927</u>	<u>8,830,801</u>
Balance as of December 31, 2018	<u>4,884,674</u>	<u>3,931,200</u>	<u>14,927</u>	<u>8,830,801</u>

	<u>31-12-2018</u> €	<u>31-12-2017</u> €
<b>3 Participations in group companies (equity value)</b>		
Icecat Ukraine LLC	5,104	5,104
Iceshop B.V.	2,959,704	2,959,704
Syndy B.V.	1,542,502	-
Icecat Content Sourcing OÜ	<u>377,364</u>	<u>202,453</u>
	<u>4,884,674</u>	<u>3,167,261</u>

	<u>2018</u>	<u>2017</u>
	€	€
<b>Icecat Ukraine LLC</b>		
Book value as of January 1	5,104	5,104
Balance movements	<u>-</u>	<u>-</u>
Book value as of December 31	<u>5,104</u>	<u>5,104</u>
	<u>2018</u>	<u>2017</u>
	€	€
<b>Iceshop B.V.</b>		
Book value as of January 1	-	-
Investments in participation (goodwill)	<u>2,959,704</u>	<u>2,959,704</u>
Book value as of December 31	<u>2,959,704</u>	<u>2,959,704</u>
	<u>2018</u>	<u>2017</u>
	€	€
<b>Icecat Content Sourcing OÜ</b>		
Book value as of January 1	202,453	97,011
Investments in participation	-	-
Profit/(Loss) of participation	<u>174,911</u>	<u>105,442</u>
Book value as of December 31	<u>377,364</u>	<u>202,453</u>
	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>4 Participations in affiliated companies</b>		
Hatch B.V. (42.72%)	<u>3,931,200</u>	<u>3,931,200</u>

	<u>2018</u>	<u>2017</u>
	€	€
<b>Hatch B.V.</b>		
Balance as of January 1		
Purchase value	<u>3,931,200</u>	<u>3,931,200</u>
Book value as of January 1	<u>3,931,200</u>	<u>3,931,200</u>
Balance movements	<u>-</u>	<u>-</u>
Balance as of December 31		
Purchase value	<u>3,931,200</u>	<u>3,931,200</u>
Book value as of December 31	<u>3,931,200</u>	<u>3,931,200</u>
	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>5 Other amounts receivable</b>		
Rent deposit	<u>14,927</u>	<u>14,927</u>
<b><u>Current assets</u></b>		
	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>6 Trade debtors</b>		
Trade debtors	2,043,039	1,971,597
Provision for doubtful debts	<u>-129,200</u>	<u>-142,865</u>
	<u>1,913,839</u>	<u>1,828,732</u>
<p>The concentration of credit risk with respect to receivables is limited. Icecat N.V. does not hold any significant collateral on its receivables. Management believes there is no further credit risk provision required in excess of the normal impairment, based on the aging analysis performed as of December 31, 2018.</p>		
<b>7 Receivables from associated companies</b>		
STAK Icecat (NPEX)	-	7,000
Hatch B.V.	<u>-</u>	<u>10,335</u>
	<u>-</u>	<u>17,335</u>

	<u>2018</u>	<u>2017</u>
	€	€
<b>8 Other receivables and accrued income</b>		
Loans receivable	319,875	319,875
Other receivables	<u>224,358</u>	<u>173,917</u>
	<u>544,233</u>	<u>493,792</u>

The loans receivable concern the financing of purchase of shares by the Managing Director (E.T. Altinok). Interest rate of the loan is EURIBOR + 4.2% per annum. Provided security for the repayment of the loan: option for lender to offer shares to other shareholders at fair market value.

**Other receivables**

Interest of loans receivable	-	8,464
Net wages	725	18,350
Prepayments and other receivables	223,633	147,103
Cost of pre-invoiced sales	-	-
	<u>224,358</u>	<u>173,917</u>

**9 Cash**

Of the cash and cash equivalents as of December 31, 2018 and December 31, 2017, no amounts were restricted.

## **10 Group equity**

The shareholders' equity is explained in the notes to the non-consolidated balance sheet.

### **Earnings per share**

The calculation of net income per share attributable to common shareholders is based on the following data:

Net income attributable to common shareholders for the purposes of earnings per share	881,793	684,931
Weighted average number of common shares for the purpose of earnings per share	10,406,663	10,406,663
Earnings per share attributable to common shareholders	<u>0.08</u>	<u>0.07</u>

### **Shareholder's information**

The shareholders of Icecat N.V. are:

Name:	Number of shares:
iMerge B.V.	8,315,603
Stichting Administratiekantoor (STAK) Icecat	690,830
E-vest B.V.	365,000
SA Rocks	1,072,200

**Short-term liabilities**

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>11 Trade creditors</b>		
Trade creditors	<u>232,331</u>	<u>126,785</u>
<b>12 Liabilities to group companies</b>		
Icecat Content Sourcing OÜ	425,407	-
iMerge B.V.	<u>531,019</u>	<u>3,993</u>
	<u>956,426</u>	<u>3,993</u>
<b>13 Taxes and social security premiums</b>		
Value added tax	141,858	134,763
Wage tax	71,888	51,340
Corporation tax	<u>3,351</u>	<u>113,029</u>
	<u>217,097</u>	<u>299,132</u>
<b>14 Other liabilities and accrued expenses</b>		
Instalment invoiced in advance	2,588,174	2,455,917
Other payables	31,750	279,783
Tantiemes	157,329	183,257
Holiday allowance	82,099	63,361
Outstanding Holidays	90,652	60,870
Audit and consultancy costs	30,500	26,300
Other accruals	-	-
	<u>2,980,504</u>	<u>3,069,488</u>

## **Off-balance-sheet rights, obligations and arrangements**

### **Disclosure of operating leases**

The entity has entered into several lease contracts relating to leasing of company cars. The annual obligations amounts to € 150,000.

Obligations regarding to lease contracts within 1 year amounts to € 151,250

Obligations regarding to lease contracts between 1 year and 5 year amounts to € 152,750

There are no obligations regarding to lease contracts with a term of more than 5 years.

The average maturity of operating leases is 4 years. The remaining average maturity of operating leases is 2 years.

### **Buy back obligations**

The company has the conditional obligation to buy back shares from investors till an (maximum) amount of € 590,000.

### **Subsequent events**

There have been no significant subsequent events.

### **Proposal appropriation of result**

The management of the company proposes to appropriate the result as follows:

The appropriation of profit for the year 2018 in the amount of € 881,793 will be added to in full to the other reserves.

This proposal needs to be determined by the General Meeting, but has already been processed in anticipation in the annual accounts 2018 for the company.

## 2.6 Notes to the consolidated statement of income

	<u>2018</u>	<u>2017</u>
	€	€
<b><u>15 Net Turnover</u></b>		
Turnover Netherlands	3,008,801	2,554,118
Turnover International	<u>5,352,576</u>	<u>4,451,548</u>
	<u><u>8,361,377</u></u>	<u><u>7,005,666</u></u>
	<u>2018</u>	<u>2017</u>
	€	€
<b><u>16 Expenses work contracted out and other external expenses</u></b>		
Cost of work contracted out	<u>250,066</u>	<u>155,688</u>
	<u>2018</u>	<u>2017</u>
	€	€
<b><u>17 Personnel expenses</u></b>		
Wages and salaries Netherlands	2,376,710	1,741,079
Wages and salaries International	167,032	178,754
Social security premiums and other social liabilities / insurance	<u>213,049</u>	<u>245,708</u>
	<u><u>2,756,791</u></u>	<u><u>2,165,541</u></u>
	<u>2018</u>	<u>2017</u>
	€	€
<b>Remuneration of directors</b>		
Remuneration of directors	263,000	227,000
Remuneration of former directors	<u>16,000</u>	<u>-</u>
Total remuneration of directors and former directors	<u><u>279,000</u></u>	<u><u>227,000</u></u>



**Average number of employees**

2018

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees 2018	40,00	1,00	41,00

	Active within the Netherlands	Active outside the Netherlands	Total
Average number of employees 2017	29,00	1,00	30,00

<u>2018</u>	<u>2017</u>
€	€

**Social security premiums and other social liabilities / insurance**

Social security charges	206,672	235,267
Other social liabilities / insurance	<u>6,377</u>	<u>10,441</u>
	<u>213,049</u>	<u>245,708</u>

**Related party transactions for the year 2018**

	<u>Sales to related parties</u> €	<u>Purchases from related parties</u> €	<u>Amounts receivable from related parties</u> €	<u>Amounts payable to related parties</u> €
<b>Parent :</b>	-	-	-	-
iMerge B.V.	-	-	-	-
<b>Subsidiaries:</b>	-	-	-	-
Icecat Ukraine LLC	-	-	-	-
Icecat Content Sourcing OÜ	-	-	-	-
Iceshop B.V.	32,815	120,800	-	-
Syndy B.V.	-	5,375	-	-
Icecat International B.V.	-	-	-	-
Icecat Nederland B.V.	-	159,091	-	-
<b>Associated companies:</b>				
Hatch B.V.	103,234	21,990	-	-
<b>Total</b>	<u>136,049</u>	<u>307,256</u>	<u>-</u>	<u>-</u>

The interest rate which is calculated on the receivables and payables is in conformity with the market rate.

**18 Other operating expenses**

Other staff expenses	424,756	249,563
Housing expenses	182,472	144,616
Selling expenses	341,478	353,171
Car expenses	223,103	187,492
Office expenses	175,273	180,800
Other expenses	2,040,753	1,631,271
Management fee	149,086	141,987
	<u>3,536,921</u>	<u>2,888,900</u>

**19 Taxation**

Income tax expense from current financial year	<u>-217,286</u>	<u>-121,628</u>
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**3. NON-CONSOLIDATED ACCOUNTS**

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**3.1 Non-consolidated balance sheet as of December 31, 2018**  
(After proposal appropriation of result)

		31-12-2018		31-12-2017	
		€	€	€	€
<b>ASSETS</b>					
<b><u>Fixed assets</u></b>					
<b>Tangible fixed assets</b>	20		4,312		-
ICT hardware and other equipment			268,538		318,517
			272,850		318,517
<b>Financial fixed assets</b>	21		8,981,844		7,324,685
<b><u>Current assets</u></b>					
<b>Receivables</b>					
Trade debtors	22	1,651,265		1,704,364	
Receivables from associated companies	23		-		22,933
Other receivables and accrued assets	24	<u>759,497</u>		<u>437,962</u>	
			2,410,762		2,165,259
<b>Cash</b>			4,122,591		4,215,636
<b>Total assets</b>			<b>15,788,047</b>		<b>14,024,097</b>

	<u>31-12-2018</u>		<u>31-12-2017</u>	
	€	€	€	€
<b>LIABILITIES</b>				
<b>Shareholders' equity</b>	25			
Issued share capital	26	104,436		104,436
Share premium reserve	27	4,431,894		4,431,894
General reserve	28	<u>7,058,602</u>		<u>6,176,811</u>
		11,594,932		10,713,141
<b>Short-term liabilities</b>				
Trade creditors	29	216,522		124,461
Liabilities to group companies	30	1,134,322		2
Taxes and social security premiums	31	141,383		244,101
Other liabilities and accrued expenses	32	<u>2,700,888</u>		<u>2,942,392</u>
		4,193,115		3,310,956
<b>Total liabilities</b>		<u>15,788,047</u>		<u>14,024,097</u>

### 3.2 Non-consolidated statement of income for the year 2018

		2018		2017	
		€	€	€	€
<b>Net Turnover</b>	33	7,281,501		6,440,442	
Cost of sales		<u>-776,882</u>		<u>-1,034,514</u>	
<b>Gross margin</b>			6,504,619		5,405,928
Personnel expenses	34	2,263,593		1,872,648	
Depreciation of intangible and tangible fixed assets		116,690		120,109	
Other operating expenses	35	<u>2,948,908</u>		<u>2,786,517</u>	
<b>Total operating expenses</b>			<u>5,329,191</u>		<u>4,779,274</u>
<b>Operating result</b>			1,175,428		626,654
Revenues of receivables from fixed assets and securities		-		8,464	
Interest and similar expenses		<u>-9,949</u>		<u>-23,516</u>	
<b>Financial income and expense</b>			<u>-9,949</u>		<u>-15,052</u>
<b>Result from operational activities before taxation</b>			1,165,479		611,602
Taxation	36		<u>-209,085</u>		<u>-103,112</u>
			956,394		508,490
Share in result from participations	37		<u>-74,601</u>		<u>176,441</u>
<b>Net result after taxes</b>			<u><u>881,793</u></u>		<u><u>684,931</u></u>

As there is no other comprehensive income, net income is equal to the total of comprehensive income. The net result, and therefore the comprehensive income are fully attributable to the shareholders.

### 3.3 Non-consolidated cash flow statement for the year 2018

The figures below are stated x € 1,000

#### Cash flow from operating activities

Operating result		1,175		627
<i>Adjustments for</i>				
Depreciation of intangible and tangible fixed assets	117		120	
Result from participations not through participations	-		-	
		117		120
<i>Changes in working capital</i>				
Trade debtors	53		-72	
Receivables from associated companies	23		-23	
Other accounts receivable	-322		-73	
Accounts payable (excluding banks)	882		501	
		636		333
<b>Cash flow from operating activities</b>		<b>1,928</b>		<b>1,080</b>
Interest received	-		8	
Interest paid	-10		-24	
Taxation	-209		-103	
		-219		-119
<b>Cash flow from operating activities</b>		<b>1,709</b>		<b>961</b>
<b>Cash flow from operating activities</b>				
Investments in tangible assets	-71		-114	
Investments in financial fixed assets	-1,731		-3,100	
Disposal of tangible fixed assets	-		-	
<b>Cash flow from operating activities</b>		<b>-1,802</b>		<b>-3,214</b>
<b>Cash flow from financing activities</b>				
Receipts from issuance of share capital	-		4	
Share premium in financial year	-		4,432	
Dividend paid	-		-	
Movement banks	-		-	
<b>Cash flow from financing activities</b>		<b>-</b>		<b>4,436</b>
<b>Movements cash</b>		<b>-93</b>		<b>2,183</b>

	2018	2017
	€	€
<b>Turnover movement cash and cash equivalents</b>		
Balance as at beginning of financial year	4,216	2,033
Movements during financials year	<u>-93</u>	<u>2,183</u>
Balance at financial year end	<u><u>4,123</u></u>	<u><u>4,216</u></u>



### **3.4 Notes to the financial statements of the non-consolidated annual report**

#### **Entity information**

##### **Registered address and registration number trade register**

The registered and actual address of Icecat N.V. is De Liesbosch 12d, 3439 LC in Nieuwegein, another registered seat is Amsterdam (J. Geesinkweg 125, 1114 AB). Icecat N.V. is registered at the trade register under number 30259744.

#### **General notes**

##### **The most important activities of the entity**

The activities of Icecat N.V., having its legal seat at Amsterdam, and its group companies, primarily consist of developing and exploiting open content media companies.

##### **Disclosure of group structure**

Icecat N.V. is part of a group. The head of this group is Netvalue B.V., having its legal seat in Bilthoven. The financial statements of Icecat N.V. are not included in the consolidated financial statements of Netvalue B.V., due to exemption for small legal entities.

##### **Disclosure of estimates**

In applying the principles and policies for drawing up the financial statements, the directors of Icecat N.V. 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 transparency, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

#### **General accounting principles**

##### **The accounting standards used to prepare the financial statements**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements. These financial statements are presented in €, the company's functional currency.

##### **Disclosure of fair value information when the report is prepared on historical cost basis**

Some accounting principles demand determination of the fair value of both financial and non-financial assets and liabilities. Fair value is therefore determined for each relevant section as written below.

Determination of fair value is categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the

asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 inputs are unobservable inputs for the asset or liability.

#### **Foreign currency translation for the balance sheet**

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 non-consolidated statement of income and expenses, unless hedge accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

#### **Financial instruments**

In the context of financial risk management Icecat N.V. has identified the following risks:

##### **Currency risk**

Icecat N.V. operates internationally and the sales in foreign currency is less than 1%. The effects on equity and results are calculated at the balance sheet data.

##### **Interest rate risk**

Long term and bank debt are not applicable within Icecat N.V.

Current liabilities and receivables in affiliated companies, the fee applicable interest rate at that time, which is reflected in the figures at the balance sheet date.

##### **Credit risk**

Receivables whose due date has passed more than 100 days, a provision of 100% will be made without VAT. The provision accounts receivables at the end of 2018 is EUR 98K (2017: 102K).

##### **Liquidity risk**

Icecat N.V. manages its liquidity risk with cash provided from operating activities being the primary source of liquidity.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends for the next 12 months and the foreseeable future.

All financial liabilities held at the reporting date, for which payments are already contractually agreed, have been included. Amounts in foreign currency have been translated using the reporting date closing rate.

#### **Accounting principles**

##### **ICT hardware and other equipment**

Tangible fixed assets are presented at cost less accumulated 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.

Tangible fixed assets are capitalized 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.

### **Impairment of ICT hardware and other equipment**

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

### **Financial assets**

#### Participations in group companies

Participations in group companies are companies over which Icecat N.V. has the power to control. These participations for using the equity method.

#### Other participations (net asset value)

Where significant influence is exercised, associated companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by Icecat N.V.. Associated companies with a negative net equity value are valued at nil.

If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

#### Other participations (fair value)

Where no significant influence is exercised, associated companies are valued under the fair value method, but not lower than a nil value.

If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

#### Other amounts receivable

Upon initial recognition the receivables from and loans to associated companies and other receivables are valued at fair value and then valued at amortized cost, which equals the face value, after deduction of any provisions.

### **Impairment of financial assets**

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

### **Receivables**

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. 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. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

### **Cash and cash equivalents**

Cash and cash equivalents are valued at face value. If cash is not freely available this is taken into account for the valuation.

Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities.

### **Equity**

When Icecat N.V. purchases treasury shares, the consideration paid is deducted from equity (other reserves or any other reserve if the articles of association allow so) until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity (other reserves or any other reserve). The consideration received will be added to the reserve from which earlier the purchase price has been deducted.

Incremental costs directly attributable to the purchase, sale and/or issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### **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 and minus transaction costs. This is usually the nominal value.

### **Accounting principles for determining the result**

The result is the difference between the realisable value of the goods/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.

### **Revenue recognition**

Revenues from services are recognized 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 to the same period.

### **Depreciation of ICT hardware and other equipment**

Depreciation of other fixed assets 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.

Future depreciation is adjusted if there is a change in estimated future useful life.

Gains and losses upon disposal of a business asset are included in depreciation.

### **Income tax expense**

Tax on the result is calculated based on the result before tax in the non-consolidated statement of income and expenses, 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.

In the financial statements of group companies a tax charge is calculated on the basis of the accounting result.

### **Cash flow statement**

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents.  
Cash equivalents can be considered to be highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement under cash flow from operating activities.

Corporate income taxes, interest paid, interest received and dividends received are presented under the cash flow from operating activities. Issuance of share capital and dividends paid are presented under the cash flow from financing activities.

The cost of group companies acquired is presented under the cash flow from investment activities, as far as payment has been made with cash and cash equivalents. The cash and cash equivalents of the group companies acquired are deducted from the purchase cost.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as an expenditure of financing activities as far as it concerns redemptions and as an expenditure of operational activities as far as it concerns interest.

### 3.5 Notes to the balance sheet

#### Fixed assets

#### 20 Tangible fixed assets

	ICT hardware and other equipment €
Balance as of January 1, 2018	
Purchase value	626,061
Accumulated depreciation	<u>-307,544</u>
Book value as of January 1, 2018	<u>318,517</u>
Movements	
Investments	71,023
Depreciation	-116,690
Disposal purchase value	-96,443
Disposal accumulated depreciation	<u>96,443</u>
Balance movements	<u>-45,667</u>
Balance as of December 31, 2018	
Purchase value	600,641
Accumulated depreciation	<u>327,791</u>
Book value as of December 31, 2018	<u>272,850</u>

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>21 Financial fixed assets</b>		
Participations in group companies (Equity Value)	5,035,717	3,378,558
Participations in affiliated companies	3,931,200	3,931,200
Other amounts receivable	14,927	14,927
	<u>8,981,844</u>	<u>7,324,685</u>

**Financial fixed assets**

	Participations in group companies (equity value)	Other participations (net asset value)	Other amounts receivable	Total
	€	€	€	€
Balance as of January 1, 2018				
Principal value	<u>3,378,558</u>	<u>3,931,200</u>	<u>14,927</u>	<u>7,324,685</u>
Balance as of January 1, 2018	<u>3,378,558</u>	<u>3,931,200</u>	<u>14,927</u>	<u>7,324,685</u>
Movements				
Investments	1,731,760	-	-	1,731,760
Result	<u>-74,601</u>	<u>-</u>	<u>-</u>	<u>-74,601</u>
Balance movements	<u>1,657,159</u>	<u>-</u>	<u>-</u>	<u>3,276,443</u>
Balance as of December 31, 2018				
Principal value	<u>5,035,717</u>	<u>3,931,200</u>	<u>14,927</u>	<u>8,981,844</u>
Balance as of December 31, 2018	<u>5,035,717</u>	<u>3,931,200</u>	<u>14,927</u>	<u>8,981,844</u>

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>Participations in group companies (Equity Value)</b>		
Iceshop B.V.	3,196,671	3,170,999
Icecat Ukraine LLC	5,104	5,104
Icecat International B.V.	1	1
Icecat Nederland B.V.	4,979	1
Syndy B.V.	1,451,598	1
Icecat Content Sourcing OÜ	<u>377,364</u>	<u>202,453</u>
	<u>5,035,717</u>	<u>3,378,558</u>
	<u>2018</u>	<u>2017</u>
	€	€
<b>Icecat Ukraine LLC</b>		
Book value as of January 1	5,104	5,104
Balance movements	<u>-</u>	<u>-</u>
Book value as of December 31	<u>5,104</u>	<u>5,104</u>
	<u>2018</u>	<u>2017</u>
	€	€
<b>Iceshop B.V.</b>		
Book value as of January 1	3,170,999	-
Investments in participation	-	3,100,000
Profit/(Loss) of participation	<u>25,672</u>	<u>70,999</u>
Book value as of December 31	<u>3,196,671</u>	<u>3,170,999</u>



	<u>2018</u>	<u>2017</u>
	€	€
<b>Icecat Content Sourcing OÜ</b>		
Book value as of January 1	202,453	97,011
Investments in participation	-	-
Profit/(Loss) of participation	<u>174,911</u>	<u>105,442</u>
Book value as of December 31	<u>377,364</u>	<u>202,453</u>
	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>Participations in affiliated companies</b>		
Hatch B.V.	<u>3,931,200</u>	<u>3,931,200</u>
	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>Other amounts receivable</b>		
Rent deposit	<u>14,927</u>	<u>14,927</u>
	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b><u>Current assets</u></b>		
	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>22 Trade debtors</b>		
Trade debtors	1,749,275	1,806,729
Provision for doubtful debts	<u>-98,010</u>	<u>-102,365</u>
	<u>1,651,265</u>	<u>1,704,364</u>

The concentration of credit risk with respect to receivables is limited. Icecat N.V. does not hold any significant collateral on its receivables. Management believes there is no further credit risk provision required in excess of the normal impairment, based on the aging analysis performed as of December 31, 2018.

	<u>2018</u>	<u>2017</u>
	€	€
<b>Provision for doubtful debtor</b>		
Balance as of January 1	102,365	142,105
Written-off amounts during the year	-161,005	-214,967
Allocation to the result	<u>156,650</u>	<u>175,227</u>
Balance as of December 31	<u><u>98,010</u></u>	<u><u>102,365</u></u>

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>23 Receivables from associated companies</b>		
STAK Icecat (NPEX)	-	7,000
Iceshop B.V.	-	5,598
Hatch B.V.	-	<u>10,335</u>
	<u>-</u>	<u><u>22,933</u></u>

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>24 Other receivables and accrued income</b>		
Loans receivable	619,975	319,875
Other receivables	<u>139,522</u>	<u>118,087</u>
	<u><u>759,497</u></u>	<u><u>437,962</u></u>

The loans receivable concern the financing of purchase of shares by the Managing Director (E.T. Altinok). Interest rate of the loan is EURIBOR + 4.2% per annum. Provided security for the repayment of the loan: option for lender to offer shares to other shareholders at fair market value.

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>Other receivables</b>		
Interest of loans receivable	-	8,464
Net wages	6,425	18,350
Prepayments and other receivables	133,097	91,273
Cost of pre-invoiced sales	-	-
	<u>139,522</u>	<u>118,087</u>

## 25 Shareholders' equity

Movements in equity were as follows:

	Issued share capital	Share premium reserve	General serve	re- Total
	€	€	€	€
Balance as of January 1, 2018	104,436	4,431,894	6,176,811	10,713,141
Result for the year	-	-	881,791	881,791
Addition in financial year	-	-	-	-
Share issue	-	-	-	-
Balance as of December 31, 2018	<u>104,436</u>	<u>4,431,894</u>	<u>7,058,602</u>	<u>11,594,932</u>

## **26 Issued share capital**

	<u>Shares A</u>
	€
Balance as of January 1, 2018	104,436
Share issue	-
Balance as of December 31, 2018	<u>104,436</u>

	<u>2018</u>	<u>2017</u>
	€	€
<b>27 Share premium reserve</b>		
Balance as of January 1	4,431,894	-
Share premium in financial year	-	4,431,894
Balance as of December 31	<u>4,431,894</u>	<u>4,431,894</u>
	<u>2018</u>	<u>2017</u>
	€	€
<b>28 General reserve</b>		
Balance as of January 1	6,176,811	5,491,880
Appropriation of result	881,791	684,931
Dividend	-	-
Balance as of December 31	<u>7,058,602</u>	<u>6,176,811</u>
<b><u>Short-term liabilities</u></b>		
	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>29 Trade creditors</b>		
Trade creditors	<u>216,522</u>	<u>124,461</u>
	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>30 Liabilities to group companies</b>		
iMerge B.V.	530,478	1
Icecat Content Sourcing OÜ	425,407	1
Syndy B.V.	178,437	1
Icecat International B.V.	-	1
Icecat Nederland B.V.	-	1
	<u>1,134,322</u>	<u>2</u>
	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>31 Taxes and social security premiums</b>		
Value added tax	93,244	106,020
Wage tax	42,481	46,073
Corporation tax	5,658	92,008
	<u>141,383</u>	<u>244,101</u>

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<b>32 Other liabilities and accrued expenses</b>		
Instalment invoiced in advance	2,379,550	2,365,939
Other payables	30,000	279,156
Tantiemes	137,843	164,451
Holiday allowance	53,309	57,246
Outstanding Holidays	74,186	56,100
Audit and consultancy costs	26,000	19,500
Other accruals	-	-
	<u>2,700,888</u>	<u>2,942,392</u>

### **Off-balance-sheet rights, obligations and arrangements**

#### **Disclosure of operating leases**

The entity has entered into several lease contracts relating to leasing of company cars. The annual obligations amounts to € 150,000.

Obligations regarding to lease contracts within 1 year amounts to € 151,250

Obligations regarding to lease contracts between 1 year and 5 year amounts to € 152,750

There are no obligations regarding to lease contracts with a term of more than 5 years.

The average maturity of operating leases is 4 years. The remaining average maturity of operating leases is 2 years.

#### **Buy back obligations**

The company has the conditional obligation to buy back shares from investors till an (maximum) amount of € 590,000.

#### **Subsequent events**

There have been no significant subsequent events.

#### **Proposal appropriation of result**

The management of the company proposes to appropriate the result as follows:

The appropriation of profit for the year 2018 in the amount of € 881,791 will be added to in full to the other reserves.

This proposal needs to be determined by the General Meeting, but has already been processed in anticipation in the annual accounts 2018 for the company.

### 3.6 Notes to the non-consolidated statement of income

	<u>2018</u>	<u>2017</u>
	€	€
<b>33 Net Turnover</b>		
Turnover Netherlands	2,097,414	1,988,894
Turnover International	<u>5,184,087</u>	<u>4,451,548</u>
	<u><u>7,281,501</u></u>	<u><u>6,440,442</u></u>

	<u>2018</u>	<u>2017</u>
	€	€

### 34 Personnel expenses

Wages and salaries Netherlands	1,946,981	1,474,035
Wages and salaries International	167,032	178,754
Social security premiums and other social liabilities / insurance	<u>149,580</u>	<u>219,859</u>
	<u><u>2,263,593</u></u>	<u><u>1,872,648</u></u>

### Remuneration of directors

Remuneration of directors	263,000	227,000
Remuneration of former directors	<u>16,000</u>	<u>-</u>
Total remuneration of directors and former directors	<u><u>279,000</u></u>	<u><u>227,000</u></u>

### Average number of employees

2018

	<u>Number</u>
Average number of employees	26,00

2017

	<u>Number</u>
Average number of employees	26,00

	<u>2018</u>	<u>2017</u>
	€	€

### Social security premiums and other social liabilities / insurance

Social security charges	143,202	209,418
Other social liabilities / insurance	<u>6,377</u>	<u>10,441</u>
	<u><u>149,580</u></u>	<u><u>219,859</u></u>

	<u>2018</u>	<u>2017</u>
	€	€
<b><u>35 Other operating expenses</u></b>		
Other staff expenses	225,173	221,000
Housing expenses	124,769	123,635
Selling expenses	322,371	354,877
Car expenses	193,225	158,626
Office expenses	156,889	161,103
Other expenses	1,777,395	1,625,289
Management fee	149,086	141,987
	<u>2,948,908</u>	<u>2,786,517</u>

	<u>2018</u>	<u>2017</u>
	€	€
<b><u>37 Share in result from participations</u></b>		
Result Iceshop B.V.	25,672	70,999
Result Icecat Nederland B.V.	4,978	-
Result Icecat International B.V.	-	-
Result Syndy B.V.	-280,162	-
Result Icecat Content Sourcing OÜ	174,911	105,442
	<u>-74,601</u>	<u>176,441</u>

Amsterdam, April 29, 2019

M.J. Hoogeveen  
Director

E.T. Altinok  
Director

Icecat N.V.  
Attn.: Mr. M.J. Hoogeveen  
Joop Geesinkweg 125  
1096 AT AMSTERDAM

## INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Icecat N.V.

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

#### Our opinion

We have audited the financial statements 2018 of Icecat N.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Icecat N.V. as at 31 December 2018, and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company statement of financial position as at 31 December 2018;
2. the following statements for 2018:  
the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant 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 Icecat N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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



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

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

Management is responsible for the preparation of the management 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 EU-IFRS and 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 frameworks 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 engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

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

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- 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.

Rotterdam, April 29, 2019

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A. van Zwielen RA

