



Profundo B.V.

Located Amsterdam

ANNUAL REPORT 2017

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Profundo B.V.

Radarweg 505
1043 NZ Amsterdam

Limmen, 19 July 2018

We hereby offer you the report concerning the annual report 2017 for Profundo B.V., Amsterdam.

ACCOUNTANT'S COMPILATION REPORT

The financial statements of Profundo B.V., Amsterdam, have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2017 and the statement of income and expenditure for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Profundo B.V.

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

RESULT

Analysis of the result

	2017		2016	
	€	%	€	%
Net Turnover	1.366.608	100,0	1.331.848	100,0
Personnel costs	1.011.442	74,0	819.956	61,6
Amortisation of intangible fixed assets	500	-	500	-
Depreciation of tangible fixed assets	8.174	0,6	6.714	0,5
Other staff costs	47.324	3,5	46.776	3,5
Housing costs	77.095	5,6	31.090	2,3
Selling costs	60.655	4,4	49.513	3,7
Office costs	30.376	2,2	38.222	2,9
General costs	153.358	11,2	231.832	17,4
Total operating expenses	<u>1.388.924</u>	<u>101,5</u>	<u>1.224.603</u>	<u>91,9</u>
Operating result	-22.316	-1,5	107.245	8,1
Financial income and expense	<u>-1.513</u>	<u>-0,1</u>	<u>-2.182</u>	<u>-0,2</u>
Result from operational activities before taxation	-23.829	-1,6	105.063	7,9
Corporate income tax	<u>4.466</u>	<u>0,3</u>	<u>-20.765</u>	<u>-1,6</u>
Net result after taxation	<u><u>-19.363</u></u>	<u><u>-1,3</u></u>	<u><u>84.298</u></u>	<u><u>6,3</u></u>

Analysis of the results

	<u>2017</u>
	€
Increase in result	
Higher gross margin	34.760
Lower office costs	7.846
Lower general costs	78.474
Higher financial income and expense	669
Lower corporate income tax	<u>25.231</u>
	146.980
Decrease in result	
Higher personnel costs	191.486
Higher depreciation of tangible fixed assets	1.460
Higher other staff costs	548
Higher housing costs	46.005
Higher selling costs	<u>11.142</u>
	<u>250.641</u>
Downswing of the net result	<u><u>103.661</u></u>

FINANCIAL POSITION

To provide insight in the development of the financial position of the Company we provide you with the following statements. These are based on the information from the annual report. Hereafter we provide you with the balance sheet as at 31 December 2017 in an abridged form.

Financial structure

	31-12-2017		31-12-2016	
	€	%	€	%
Assets				
Intangible fixed assets	2.000	0,3	2.500	0,3
Tangible fixed assets	20.747	2,9	24.773	3,4
Receivables	385.495	53,2	267.739	37,2
Cash at bank and in hand	314.979	43,6	426.607	59,1
	<u>723.221</u>	<u>100,0</u>	<u>721.619</u>	<u>100,0</u>
Liabilities				
Equity	230.979	31,9	250.342	34,7
Provisions	39.601	5,5	70.873	9,8
Long-term liabilities	36.758	5,1	-	-
Short-term liabilities	415.883	57,5	400.404	55,5
	<u>723.221</u>	<u>100,0</u>	<u>721.619</u>	<u>100,0</u>

Analysis of the financial position

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
Available on short term		
Receivables	385.495	267.739
Cash at bank and in hand	<u>314.979</u>	<u>426.607</u>
	700.474	694.346
Short-term liabilities	<u>-415.883</u>	<u>-400.404</u>
Liquidity surplus = working capital	<u>284.591</u>	<u>293.942</u>
Established for the long term		
Intangible fixed assets	2.000	2.500
Tangible fixed assets	<u>20.747</u>	<u>24.773</u>
	<u>22.747</u>	<u>27.273</u>
Financed with on the long term available assets	<u>307.338</u>	<u>321.215</u>
Financing		
Equity	230.979	250.342
Provisions	39.601	70.873
Long-term liabilities	<u>36.758</u>	<u>-</u>
	<u>307.338</u>	<u>321.215</u>

FISCAL POSITION

Calculation taxable amount

The taxable amount for the current financial year has been calculated as follows:

				<u>2017</u>
				€
Result from ordinary activities before taxation				-23.829
Partially deductible amounts	Base amount	%	€	
Representation expenses	3.970	26,50	1.052	
Hotel and accommodation costs	5.471	26,50	1.449	
Excursions/seminars/congresses	609	26,50	161	
			2.662	-21.167
Investment agreements				
Small scale investment allowance				-1.164
Taxable amount				<u><u>-22.331</u></u>

This taxable amount can be compensated with the amount of previous year.

Situation at balance sheet date

The corporate income tax liability / asset as at 31 December 2017 can be specified as follows:

Year	Liability / Receivable at 01-01-2017	corporate tax (income/expenses) in 2017	Payments / receipts during 2017	Adjustments in 2017	Liability / Receivable at 31-12-2017
	€	€	€	€	€
2016	17.329	-	-17.329	-	-
2017	-	-4.466	-13.012	-	-17.478
	<u>17.329</u>	<u>-4.466</u>	<u>-30.341</u>	<u>-</u>	<u>-17.478</u>

Please do not hesitate to raise any queries you may have.

Yours sincerely,

Vanhier B.V.

Huub Tummers
Accountant-Administratieconsulent



Financial statements

**BALANCE SHEET AS AT 31 DECEMBER 2017***(After proposal distribution of result)*

		<u>31-12-2017</u>	<u>31-12-2016</u>
		€	€
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Goodwill	1	2.000	2.500
<i>Tangible fixed assets</i>			
Furniture, fixtures and fittings	2	20.747	24.773
Current assets			
<i>Receivables</i>			
Trade debtors	3	136.847	140.206
Taxes and social security premiums	4	22.302	-
Other receivables and accrued assets	5	<u>226.346</u>	<u>127.533</u>
		385.495	267.739
<i>Cash at bank and in hand</i>	6	314.979	426.607
Total assets		<u><u>723.221</u></u>	<u><u>721.619</u></u>



		<u>31-12-2017</u>		<u>31-12-2016</u>	
		€	€	€	€
LIABILITIES					
Equity					
	7				
Capital	8	18.000		18.000	
General reserve		<u>212.979</u>		<u>232.342</u>	
			230.979		250.342
Provisions					
Self-administered pension scheme	9	-		32.049	
Annuity commitments	10	<u>39.601</u>		<u>38.824</u>	
			39.601		70.873
Long-term liabilities					
	11		36.758		-
Short-term liabilities					
Trade creditors	12	7.103		18.386	
Taxes and social security premiums	13	88.837		97.163	
Other liabilities and accrued expenses	14	<u>319.943</u>		<u>284.855</u>	
			415.883		400.404
Total liabilities			<u><u>723.221</u></u>		<u><u>721.619</u></u>

**STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR 2017**

		2017		2016	
		€	€	€	€
Net Turnover	15		1.366.608		1.331.848
Personnel costs	16	1.011.442		819.956	
Amortisation of intangible fixed assets	17	500		500	
Depreciation of tangible fixed assets	18	8.174		6.714	
Other staff costs	19	47.324		46.776	
Housing costs	20	77.095		31.090	
Selling costs	21	60.655		49.513	
Office costs	22	30.376		38.222	
General costs	23	153.358		231.832	
Total operating expenses			<u>1.388.924</u>		<u>1.224.603</u>
Operating result			-22.316		107.245
Other interest and similar income	24	214		-	
Interest and similar costs	25	-1.727		-2.182	
Financial income and expense			<u>-1.513</u>		<u>-2.182</u>
Result from operational activities before taxation			-23.829		105.063
Corporate income tax			<u>4.466</u>		<u>-20.765</u>
Net result after taxation			<u><u>-19.363</u></u>		<u><u>84.298</u></u>



NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Profundo B.V. is Radarweg 505, 1043 NZ in Amsterdam NL. Profundo B.V. is registered at the trade register under number 55290833.

General notes

The most important activities of the entity

The activities of Profundo B.V. consist mainly of consultancy in the field of operational management.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code, with the exception of Section 6 'Provisions in respect of the principles of valuation and of the determination of the result'. Instead, the principles for the determination of the taxable profit are applied, as stipulated in the Corporate Income Tax Act ('Wet op de Venootschapsbelasting 1969'). In addition, the Decree on Fiscal valuation principles ('Besluit fiscale waarderingsgrondslagen') and the 'Handreiking bij de toepassing van fiscale grondslagen voor kleine rechtspersonen' of the Dutch Accounting Standards Board are applicable.

Assets and liabilities are generally valued at historical cost or production cost less depreciation at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Accounting principles

Intangible assets

With effect from 1 January 2007, production costs of intangible fixed assets can be charged in full to the result of the calendar year under section 3.30 of the Dutch Income Tax Act 2001 ('Wet op de Inkomstenbelasting 2001'). Intangible fixed assets from a date prior to 1 January 2007 are carried at the costs incurred less the accumulated amortisation costs and, if applicable, impairment costs. The annual amortisation costs are accounted for as a fixed percentage of the costs incurred, as is specified in the disclosure notes to the balance sheet.

Goodwill originating from acquisitions is capitalised and depreciated over a period of at least 10 years. Depreciation takes place on the basis of the straight-line method.

Property, plant and equipment

Land and buildings are valued at acquisition costs or production costs plus additional costs less straight-line depreciation based on the expected life. Land is not depreciated. Impairments expected on the balance sheet date are taken into account.

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

The depreciation costs are based on the estimated economic useful life, unless a legal maximum percentage of 20% is prescribed under tax law, and are calculated on the basis of a fixed percentage of the cost price, taking into account a residual value, if applicable. Depreciation commences from the date of initial use. Land is not depreciated. Depreciation takes place up to the minimum value; for buildings the minimum value is 50% of the value for the purpose of the Valuation of Immovable Property Act ('WOZ-waarde'), on other buildings (being buildings held for investment), this amounts to 100% of the value for the purposes of the Valuation of Immovable Property Act.

Receivables

Receivables are carried at their nominal value, less any provisions deemed necessary to mitigate the risk of bad debt. These provisions are determined on the basis of an individual assessment of the receivables. Unless stated otherwise, the receivables have a maturity of less than 1 year.



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 valued at nominal value.

Provisions

Provisions are recognised for future expenses, if:

1. those expenses originate from facts or circumstances which took place prior to the balance sheet date;
2. there is a reasonable certainty that these facts or circumstances will take place; and
3. can be attributed to that period.

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions for pension (including self-administered) are valued on the basis of actuarial principles. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise. If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

Provision for pension obligations

A provision is formed for the self-administered pension entitlements the director/majority shareholder has accrued as at balance sheet date. This provision is calculated actuarially (GBM-V 2011-2016). Upon calculating the provision, future salary increases and future indexations have not been factored in. The discount rate applied is 4%.

Other provisions

The provisions for annuities has been calculated with 2% interest. The actuarial interest rate applied equals the market interest for long-term liabilities at the time those obligations were entered into. Amounts paid for annuities and standing rights are deducted from this provision.

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortised cost price is the same as the nominal value of the debt.

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

Net turnover comprises the income from the supply of goods and services and realised income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

Wages and salaries

The benefits payable to personnel are recorded in the statement of income and expenditure on the basis of the employment conditions.

Amortisation of intangible assets and depreciation of property, plant and equipment

Intangible fixed assets (to the extent that they have been capitalised), including goodwill, and tangible fixed assets are depreciated or amortised from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets and capitalised goodwill. Land is not depreciated.

Any book results realised upon the disposal of intangible and tangible fixed assets are recognised under



Depreciation and amortisation. Upon the appropriation of the result book profits are recognised in a reinvestment reserve if and insofar as permitted under tax law.

Acquisition costs or production costs relating to operating assets assigned as operating assets in the interest of the protection of the Dutch environment are depreciated on an arbitrary basis.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

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. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

Income tax expense

Tax on the result is calculated based on the result before tax in the statement of income and expenditure, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs.



NOTES TO THE BALANCE SHEET

Fixed assets

1 Intangible fixed assets

	<u>Goodwill</u> €
Book value as at 1 January 2017	2.500
Amortisations	<u>-500</u>
Book value as at 31 December 2017	<u><u>2.000</u></u>

2 Tangible fixed assets

	<u>Furniture, fixtures and fittings</u> €
Balance as at 1 January 2017	
Acquisitions costs	61.944
Accumulated depreciation	<u>-37.171</u>
Book value as at 1 January 2017	<u><u>24.773</u></u>
Movements	
Investments	4.148
Depreciation	<u>-8.174</u>
Balance movements	<u><u>-4.026</u></u>
Balance as at 31 December 2017	
Acquisitions costs	66.093
Accumulated depreciation	<u>-45.346</u>
Book value as at 31 December 2017	<u><u>20.747</u></u>
Depreciation percentages	<u><u>20</u></u>

**Current assets****Receivables**

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
3 Trade debtors		
Trade debtors	<u>136.847</u>	<u>140.206</u>
4 Taxes and social security premiums		
Company tax	17.478	-
Pension contributions	<u>4.824</u>	<u>-</u>
	<u>22.302</u>	<u>-</u>
5 Other receivables and accrued assets		
Work in progress	182.023	109.452
Prepaid costs	<u>44.323</u>	<u>18.081</u>
	<u>226.346</u>	<u>127.533</u>
6 Cash at bank and in hand		
Triodos Bank	<u>314.979</u>	<u>426.607</u>

7 Equity

	<u>Capital</u>	<u>General reser- ve</u>	<u>Total</u>
	€	€	€
Balance as at 1 January 2017	18.000	232.342	250.342
Appropriation of result	<u>-</u>	<u>-19.363</u>	<u>-19.363</u>
Balance as at 31 December 2017	<u>18.000</u>	<u>212.979</u>	<u>230.979</u>

8 Capital

The issued share capital of the company amounts to € 90.000, divided into 90.000/€ 1 ordinary shares. The total number of issued shares is 18.000/€ 1.

All the shares are held by mr. J. van Gelder.

**Provisions****9 Self-administered pension scheme**

	<u>2017</u>	<u>2016</u>
	€	€
J. van Gelder		
Balance as at 1 January	32.049	27.453
Addition pension provision for scheme	4.709	4.596
	<u>36.758</u>	<u>32.049</u>
Adjustment to long-term liabilities	-36.758	-
Balance as at 31 December	<u>-</u>	<u>32.049</u>

According to fiscal legislation the self administrated pension scheme is converted in a long term liability.

10 Annuity commitments

Annuity commitments	<u>39.601</u>	<u>38.824</u>
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When Profundo was converted from a sole proprietorship to a private company, a pension reserve was formed on behalf of the owner. On this pension reserve an annual interest rate of 2% is applicable.

11 Long-term liabilities

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
Retirement obligation		
Old-age pension commitment (ODV)	<u>36.758</u>	<u>-</u>

According to fiscal legislation the self administrated pension scheme is converted in a long term liability.

Short-term liabilities**12 Trade creditors**

Trade creditors	<u>7.103</u>	<u>18.386</u>
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13 Taxes and social security premiums

Value added tax	62.745	50.993
Wage tax	26.092	28.841
Company tax	-	17.329
	<u>88.837</u>	<u>97.163</u>



	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
14 Other liabilities and accrued expenses		
Other liabilities	20.040	38.815
Holiday allowances	68.716	50.951
Expenses to be paid	19.630	35.035
Prepayments on research projects	<u>211.557</u>	<u>160.054</u>
	<u><u>319.943</u></u>	<u><u>284.855</u></u>

Off-balance-sheet rights, obligations and arrangements

Disclosure of off-balance sheet commitments

The annual rental commitment for office space is € 87.300 (ex VAT).

Appropriation of result

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

The net result for the year 2017 in the amount of € 19.363 will be deducted in full from the General reserve.

This proposal needs to be determined by the General Meeting, but has already been processed in anticipation in the annual accounts 2017 for the company.

**NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE**

	<u>2017</u>	<u>2016</u>
	€	€
15 Net Turnover		
Turnover	<u>1.366.608</u>	<u>1.331.848</u>
16 Personnel costs		
Wages and salaries	794.201	662.597
Social security premiums and pensions cost	<u>217.241</u>	<u>157.359</u>
	<u>1.011.442</u>	<u>819.956</u>
<u>Wages and salaries</u>		
Salaries	780.986	611.548
Received sick funds	-65.681	-8.462
Internship remunerations	150	10.100
Holiday allowances	73.946	49.411
Salaries and wages 8	<u>4.800</u>	<u>-</u>
	<u>794.201</u>	<u>662.597</u>
Average number of employees		
The average number of employees calculated on a full-time-equivalent basis was:		
2017		<u>Number</u>
Average number of employees		18,70
2016		
		<u>Number</u>
Average number of employees		15,40
<u>Social security premiums and pensions cost</u>		
Social security charges	135.441	102.571
Health insurance	20.823	10.432
Addition pension provision for scheme	4.709	4.596
Other pension charges	<u>56.268</u>	<u>39.760</u>
	<u>217.241</u>	<u>157.359</u>
17 Amortisation of intangible fixed assets		
Amortisation costs goodwill	<u>500</u>	<u>500</u>
18 Depreciation of tangible fixed assets		
Depreciation costs inventory	<u>8.174</u>	<u>6.714</u>



	<u>2017</u>	<u>2016</u>
	€	€
19 Other staff costs		
Pension advisor	4.770	5.993
Study costs staff	4.786	6.343
Personnel recruitment costs	550	3.975
Food, drinks and other accommodation costs	2.156	1.915
Traveling costs commuting	28.093	23.035
Other staff costs	6.969	5.515
	<u>47.324</u>	<u>46.776</u>
20 Housing costs		
Rent costs	64.075	31.090
Other housing costs	13.020	-
	<u>77.095</u>	<u>31.090</u>
21 Selling costs		
Hotel and accommodation costs	17.993	18.097
Other sales costs	102	2.079
Maintenance and development websites	4.715	-
Other travelling costs	37.845	29.337
	<u>60.655</u>	<u>49.513</u>
22 Office costs		
Office supplies	1.939	5.339
Postage costs	485	128
Telephone and fax costs	5.362	4.241
Printed matters	493	496
Literature	805	370
Automation costs	21.292	27.648
	<u>30.376</u>	<u>38.222</u>
23 General costs		
Subscriptions	2.416	2.972
Insurance premium	1.701	1.748
Audit costs, other non-audit services	5.142	7.414
Database costs	87.591	71.977
Management advice	9.675	2.079
Banking costs	17.767	4.277
Research and information costs	29.066	141.365
	<u>153.358</u>	<u>231.832</u>



	<u>2017</u>	<u>2016</u>
	€	€
24 Other interest and similar income		
Received bank interest	<u>214</u>	<u>-</u>
25 Interest and similar costs		
Interest tax authorities	319	290
Interest other liabilities	632	1.131
Interest annuity commitment	<u>776</u>	<u>761</u>
	<u>1.727</u>	<u>2.182</u>

Amsterdam,
Profundo B.V.

J. van Gelder
Director