



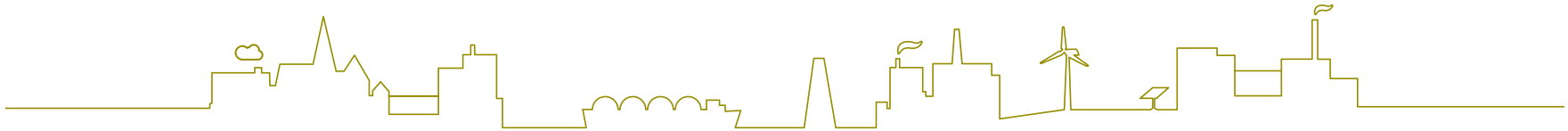
Delivering tailor-made executive education for the energy industry



ANNUAL REPORT 2018

TABLE OF CONTENTS

1. The year 2018 in retrospective	4
2. In conclusion and looking forward	16
3. Financial Statements	18
Independent accountant's review report	18
Financial position	20
Notes to the financial position	21
Consolidated balance sheet	23
Consolidated statement of income and expenses	24
Notes to the financial statements	25
Notes to the consolidated balance sheet	28
Notes to the consolidated statement of income and expenses	30
Company balance sheet	32
Company abbreviated profit and loss account	33
Notes to the company balance sheet	34
Notes to the company abbreviated profit and loss account	35
4. Additional information	36



1. THE YEAR 2018 IN RETROSPECTIVE

We are pleased to announce that the year 2018 was in many respects a year of progress and growth. An increasing number of participants attended our open market and in-company courses, while our portfolio was adjusted and also developed its subject coverage. The number of participants in the open market courses increased by more than 25% to almost 250, while we ran a record number of in-company programmes, training over 400 professionals. Many of our partners, stakeholders and course participants gained new contacts, ideas and knowledge through our events and programmes. The combination of learning, enhancing personal development and networking again proved to be an attractive formula for many.

In line with the rising number of participants, the positive financial trend of 2017 continued. Moreover, there is reason to believe that the outlook will remain positive, as market demand is increasing thanks in part to renewed global interest in the latest energy industry developments, and a wide array of new energy industry projects. At the same time we appreciate the necessary support that our founding partners continue to provide us with and which secures us a strong basis.

In our 2017 annual report we wrote “..the energy transition is part of a global transition, which is all-encompassing.” If earlier energy transition seemed to suggest that the conventional world of energy should give way to new renewable

energy sources and value chains, this is now changing. Today we increasingly understand that an efficient, secure and affordable energy system can only be built together with the stakeholders of the existing system. In other words, the systems and infrastructure of traditional energy producers, shippers and distributors is still of considerable value and must to a large extent serve as a fundament for the energy systems of the future. This offers a new potential—and need for –cooperation, often across country borders.

For Energy Delta Institute (EDI), as an international energy business school, this potential provides a unique opportunity to combine our ‘classical’ energy knowledge, primarily of the gas value chain, with that of ‘new energies’. Indeed Europe, which occasionally regards itself as a new energy innovation frontrunner, has increasingly come to acknowledge the role that (preferably sustainable) gaseous and liquid energies will be crucial components of its energy system. This assumes that they can be produced and supplied efficiently and securely, on a large as well as a small more local scale, and are affordable. We note that a lot of work remains to be done in order to fulfil all those conditions. Committing entirely to electrification is for many reasons not realistic.

With its roots in the gas industry and growing knowledge of new energies, EDI can help connect these two worlds and offer a unique portfolio for executive energy education. This was shown by the continued considerable interest in natural gas industry developments alongside,

for example, the highly popular *Hydrogen Masterclass* in 2018, which has taken a permanent place in our portfolio.

After formalising EDI’s role within the New Energy Coalition (NEC), 2018 was also the year in which we moved forward with the practical side of its organisational implementation. We welcomed many new colleagues within NEC. Together we are working and cooperating on a range of joint projects and topics. We at EDI continue to be a dynamic and ambitious team that remains loyal to the goal of delivering excellent executive education for the energy industry, while connecting professionals across continents and fostering a community of global energy professionals. The guidance and decisions of EDI’s founding partners in our International Supervisory Board form a strong basis for EDI’s work.

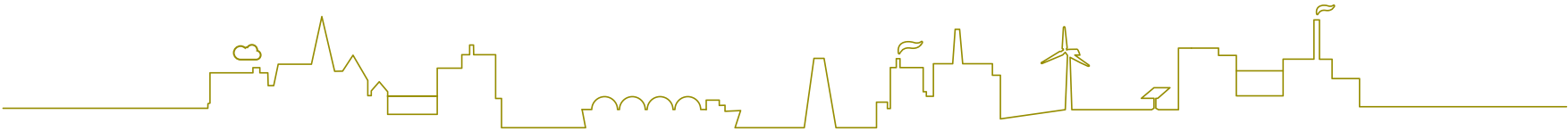
Market strategy

Traditionally most of our programme participants are from the Northwest European market, with other European countries represented in smaller numbers. The second largest group are participants from the Russian Federation. Both Russia and Europe continue to be our key markets.

Nevertheless, in 2018 our market strategy built further on the other regional marketing achievements of the last two years. We progressed with our previously adopted pro-active regional approach in the Northeast and Southeast Europe, which have promising prospects for the expansion of its natural gas infrastructure. This was done, amongst others, by promoting the regional visibility of

The financial result for 2018 in comparison to 2017

Amounts x 1,000 euro	Budget 2019	2018	Budget 2018	2017
Income	1,841	1,766	1,765	1,689
Costs	1,889	1,685	1,780	1,619
Operating result	-48	81	-15	70



EDI through speaking at regional conferences, establishing cooperation with local partners and support from the Dutch embassies.

For example, we achieved some successes in Southeast Europe, after establishing new connections in the region. The 25th edition of the International *Gas Value Chain Course* (IGVC) was organised in Zagreb. Together with our partner from the University of Zagreb we organised for the second time in a row, a well-attended workshop on *Energy Business & the Natural Gas Value Chain* at the Petroleum Engineering Summer School in Dubrovnik. We also organised an in-company training on natural gas for a regional natural gas supplier. We have had excellent feedback on our contributions there, and intend to use this to gain a broader regional client base in Central and Southeast Europe (CEE). Moreover, there are further prospects in the Mediterranean, specifically Egypt and Cyprus, where we anticipate new opportunities for trainings in 2019. Contacts in other organisations such as the International Gas Union and IBC are at times most helpful to our outreach.

In Northwest Europe, in particular the Netherlands, we observed a strong interest in hydrogen. After starting our first *Hydrogen Masterclass* in 2017, we ran a record number of open market and in-company masterclasses in 2018. The first international edition will take place in Brussels in 2019, where we cooperate with the Benelux Union organisation. We expect hydrogen therefore to take a permanent position in our portfolio. Also within other areas covered by NEC, this topic receives considerable focus.

We successfully organised several in-company trainings on green and natural gas in Latin-America. More requests from the Latin-American market may follow in 2019, in particular from Mexico, as the large Mexican market and its structure are undergoing considerable expansion and other changes. As for the Asian market, we trained a considerable group of Indian energy professionals in the Netherlands, and otherwise maintained a reactive response. We very much appreciate the cooperation with the Petronas Technical University (UTP) in the form of occasional lecturer exchanges through which we bring our course participants direct insight in Asian energy developments. UTP, in turn, is welcoming occasional EDI contributions through lectures in their new 2019/2020 Energy Management Programme, in which we focus on developments in the gas (including LNG) industry in Europe and Russia as well as on innovation and sustainability.

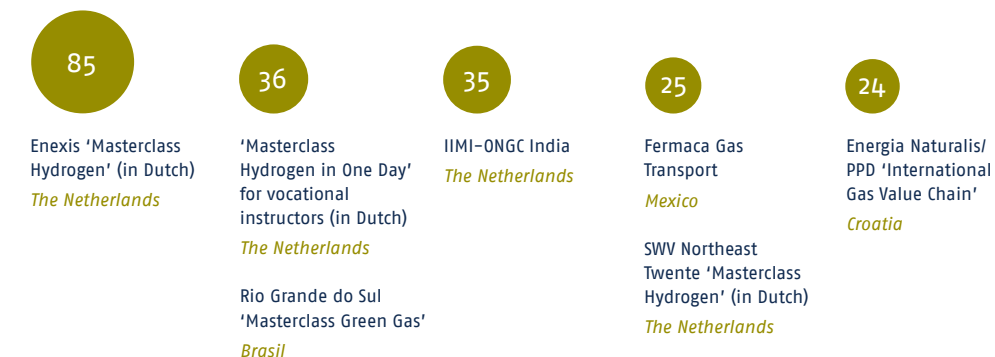
An awarding in-company strategy

As in the previous two years, we continued our strategy of offering a more select number of open market courses, while making use of remaining capacities to promote, develop and run in-company programmes. We are glad to notice that this strategy has started paying off. If in 2017 we only had a small number of in-company trainings, in 2018 we had an impressive number of eighteen in-company programmes, most of them for international clients.

The lecture series *The future is electric!* (in Dutch), which was initially offered as

Our best performing courses (in number of participants)

Top 5 in-company 2018



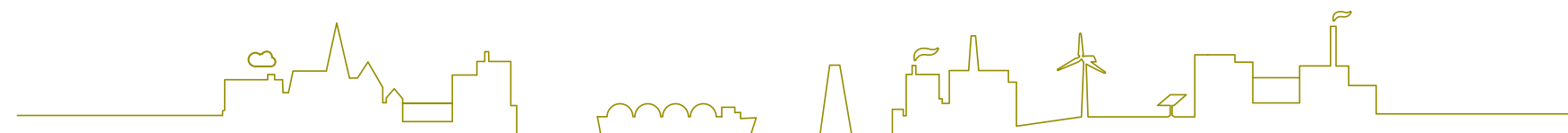
Top 5 Open Market programmes 2018



an open market programme in cooperation with Nyenrode Business University, turned out to be a successful concept for in-company trainings. The advantage of this concept is that participants can enjoy the benefits that a multi-day programme has to offer, but do not need to leave their workspace for several days. The lecture series offer three lecturing hours per week at the end of a working day for a minimum of six weeks, optionally with

self-study in between. We plan to advance this concept for other in-company programmes as well.

It is worth noting that the in-company programmes focused on all aspects of our portfolio, with hydrogen being the 'new kid on the block'. Our leading client for in-companies was Gazprom, including its subsidiaries.



Open market courses

Our 2018 portfolio saw some adjustment and optimisation compared to the one of 2017. In 2018 a total of seventeen open market courses took place consisting of thirteen different open market programmes including four of which are newly developed, with the Hydrogen and Green Gas Masterclasses enjoying most of the popularity and taking place more than once. As mentioned above, 2018 was characterised by the topic of hydrogen.

We are pleased to report that all of our general and executive programmes attracted sufficient participants. Unfortunately, our newly developed lecture series *Digital Energy*, which we organised in cooperation with Nyenrode Business University, did not have sufficient participants for it to be launched. We did manage to successfully start another new programme, the *Masterclass in Small Scale LNG*, which was developed in cooperation with ESCP Business School and Fluxys.

Open market courses

Masterclass Hydrogen in One Day

Hosting partner: DNV-GL, Groningen & Holthausen, Hoogezand

Executive Programme Energy Transition & Innovation

Hosting partners: Nyenrode Business University, Breukelen & E.ON Research Centre and Aachen University of Technology, Aachen

International Gas Value Chain

Hosting partner: Plinacro, Zagreb

Lecture series 'The Future Is Electric!' (in Dutch)

Hosting partner: Nyenrode Business University, Breukelen

Masterclass in LNG Industry

Hosting partner: Enagás, Barcelona

Masterclass in North Sea Energy

Hosting partner: DOB Academy, Delft

Executive Programme International Gas Business and Cooperation

Hosting partner: Fluxys, Brussels & FINEC, St Petersburg

European Energy Markets

Hosting partner: Benelux General Secretariat, Brussels

Masterclass in Small Scale LNG

Hosting partner: Fluxys, Zeebrugge

Executive Programme New Energy Realities

Hosting partner: ESCP Europe, London & Agora Energiewende, Berlin

Top 5 best-valued programmes

8,8	International Gas Value Chain <i>Croatia</i>
8,7	Executive Programme International Gas Business and Cooperation <i>Belgium, Russia</i>
8,5	European Energy Markets <i>Belgium</i>
8,5	Masterclass Hydrogen in one day (in Dutch) 06/03 <i>The Netherlands</i>
8,3	Masterclass in Flexibility and Energy Storage <i>The Netherlands</i>
8,2	Masterclass in LNG Industry <i>Spain</i>

Part of the programme was hosted by Fluxys at their Zeebrugge LNG terminal. Another new success was the Masterclass in *North Sea Energy*. For this programme we partnered with the DOB-Academy in Delft, which has a lot of experience in offshore energy and acted as host as well.

Our *Masterclass in Energy Storage* was optimised to better meet market developments and was renamed into *Masterclass in Flexibility and Energy Storage*.

Two editions of the newly developed *Masterclass in Green Gas* (in Dutch) took place. It is worth noting that we were able to make use of the logistics of our new building and thus served ourselves as the host of the programme. The programme is also available as an in-company in English.

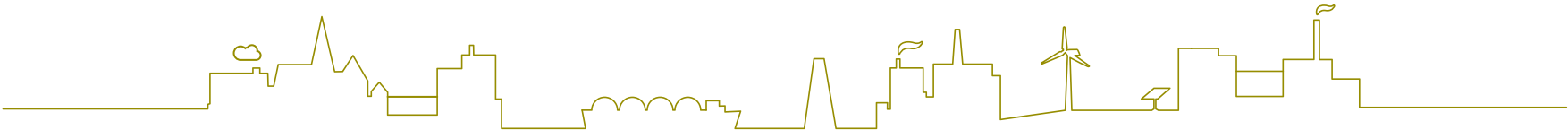
Although the 2018 portfolio did not include an Executive Master, we are pleased

to note that actions were taken on determining the content and on corresponding market research. EDI's partners were also consulted on relevant issues. We aim to include (in cooperation with other educational institutes) one or more Executive Master programmes into our portfolio in the coming years.

In-company programmes

As mentioned above, we had a record number of eighteen in-company programmes in 2018. We are very pleased to see that our efforts to enter this market are paying off.

Gazprom was our most important in-company client in 2018, ordering four in-company programmes, including *The gas industry in Northwest Europe programme*, which we organised for the fourth time in a row and *International*



Investment Projects and Risks in the Gas Industry. Within the framework of Gazprom's MBA programme, together with Saint-Petersburg State University of Economics, we again ran a customised module.

Furthermore, we saw another Russian natural gas producer, Novatek, added to our client base with a training on *Natural Gas and CNG fueling stations*.

The huge interest for hydrogen was also reflected in in-company programmes, one of which we organised for a Dutch DSO, attended by seventy employees.

We ran several in-company lecture series based on the open market edition *The future is electric!* (in Dutch). The lecture series concept seems to lend itself very well for in-company programmes.

In general, we feel that the market potential for in-company programmes has not been deepened out yet and are therefore carefully optimistic that demand for customised programmes will continue to grow in the future as well.

Research

EDI takes part in the STORE&GO programme, which is part of HORIZON 2020 subsidy programme, an EU-funded project. The aim of the programme is to provide insight in the technical feasibility of methanation. It also includes extensive research on the economic, legal and social aspects of Power-to-Gas. Within this framework EDI is organising a series of dedicated trainings on Power-to-Gas, as to disseminate the knowledge and

experienced gained by the various project partners. In 2018 EDI organised the first of such trainings and focused on the development of an online training programme. By February 2020, when the programme comes to its end, we will have organised seven editions with on average 25-30 participants per training.

As part of the TKI-Cranberry research project, funded by TKI System Integration, EDI has assessed the potential business case of an integrated offshore Gas-to-Wire project, incl. Carbon Capture and Storage. Results show that compared to conventional CCGT power plants significant CO₂-emission reduction are feasible. Within the framework of another research initiative, the North Sea Energy Consortium, EDI evaluated demonstration sites (specific offshore platform clusters) for systems integration. This has been conducted under the TKI-System Integration programme, together with executive partners TNO, University of Groningen, Wageningen University and Royal Haskoning. Results shows that system integration solutions considerably reduce H₂ production costs and the transport and storage costs of CO₂.

Events

In addition to our open market and in-company programmes, EDI every year organises a range of events for its partners and broader target audiences.

Last year's International Supervisory Board (ISB) and International Partner Meeting (IPM) took place at the charming estate of the Nyenrode Business University in Breukelen, the Netherlands.

It was well attended by both partners and interested participants. The central theme of the IPM was 'Digital Transformation' in the energy sector. Highly knowledgeable speakers, including from Shell, Gazprom Neft and the University of Groningen, discussed the impact of the rapidly evolving digitalisation on the energy sector.

The topic of hydrogen also enjoyed a lot of attention at the annual partner events, which we organised for several of our founding partners. Two of the partner events focused on hydrogen.

The Micro MBA, which every year is specially organised for young energy professionals and draws attention to a certain topic, this time took place under the title 'Oceans of New Energy'. At the event, hosted by DOB, the underexposed potential of renewable energy from the oceans was discussed and met with great interest by the young audience.

As in previous years, EDI supported the Youth Day at the annual Saint-Petersburg International Gas Forum by organising a

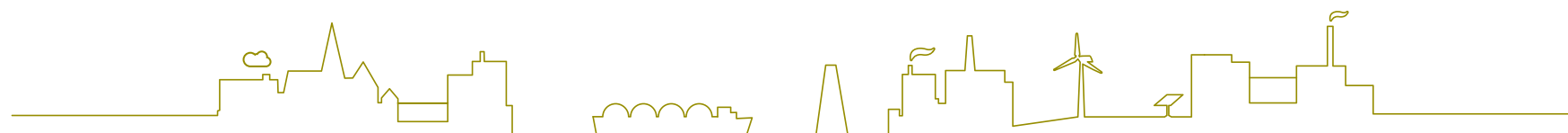
workshop, which was led by EDI's Senior Expert Energy and Sustainability, Prof. Dr. Catrinus Jepma. We remain committed to continue to inspire the energy professionals of the future. In 2019, we will again host the winning group in the Netherlands.

Within the framework of the Horizon 2020 Store&Go programme, EDI assisted in organising two editions of the *Masterclass in Power to the Molecules*, which is offered free of cost to our partners. This Masterclass provides a comprehensive overview on the Power-to-Gas process chains and technologies, their possible integration in European gas grids, and their system value for the European energy system.

Besides being active in organising events, EDI was also attending and represented at major international energy industry events and conferences in our focus regions across Europe and Russia. We carefully weigh what events to attend and try to capitalise on opportunities for increasing our exposure by taking part

Highlights of events in 2018

Participants



in panels, providing presentations and acting as conference partners. Some of the conferences attended by EDI worth mentioning are *E-World, Flame, Gastech, Central and East European Gas Conference and Gas Infrastructure Europe Annual Conference*.

Portfolio rationale

Historically, the EDI portfolio focuses on natural gas and has covered the entire natural gas value chain at various levels of expertise, with our executive programmes at the top of the portfolio. In documentation from late 2001, before EDI was founded, the institute was already mentioned to focus on gas and the sustainable use of gas. It was noted that a bridge towards more renewable forms of energy was foreseen in the future. In retrospect, it is intriguing to see that, although it has taken some time, this prediction has come true. With EDI getting into a more adult stage, we see that a certain transition is taking place.

As is the case in the European energy sector, our portfolio became subject to diversification due to the energy transition. Today, ongoing dynamic developments in the energy landscape, challenge us to constantly assess our open market portfolio on relevance, market demands and topicality. This is reflected in our portfolio. At the same time, we also strive to tailor our portfolio to the needs of the founding partners and find the right balance. Within the framework of the energy transition, we see a new portfolio rationale in the emergence of a value chain based on a wider definition of (sustainable) gases, ranging from bio-gas,

hydrogen to natural gas combined with CSS, and its interaction with the rising world of renewable electricity. We see a great potential for EDI to widen its focus on gas in such a way, building on a strong foundation of Natural Gas knowledge.

Part of New Energy Coalition

After officially formalising the cooperation within the New Energy Coalition (NEC) Foundation, the year 2018 yielded some first results from closer cooperation within this new structure. As part of NEC, we were able to make use of a broader network and reach new target groups. This helped to, amongst others, raise the number of participants in our programmes. We were also able to benefit from expertise available within NEC and vice versa in developing some of our new programmes.

Given its successful reputation, EDI nevertheless remains a distinct entity and brand within NEC. Some adjustments have been made to our logo and brand colours to refresh our identity and create alignment with the NEC brand. For administrative reasons, supported by Dutch tax regulations, New Energy Coalition Foundation is now also functioning as Statutory Board of Energy Delta Institute B.V., whereas the position of Managing Director effectively remains unchanged.

The partner network

Founding partners:

Gasunie, GasTerra, Gazprom, University of Groningen, Shell

Associated partners:

Enagás

Knowledge partners:

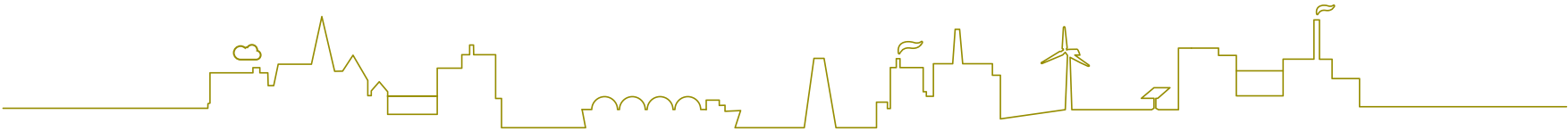
Agora Energiewende, Clingendael International Energy Programme (CIEP), DOB-Academy, ESCP Europe, Faculty of Mining, Geology and Petroleum Engineering (RGNF) at University of Zagreb, Higher School of Economics, St. Petersburg University of Economics (UNECON) Indian Institute of Management Indore (IIMI), Moscow School of Management SKOLKOVO, New Energy Coalition (NEC), Nyenrode Business University, Oxford Institute for Energy Studies (OIES), Universiti Teknologi Petronas (UTP), PwC, RWTH Aachen University, TNO.

Participants in our courses and Events

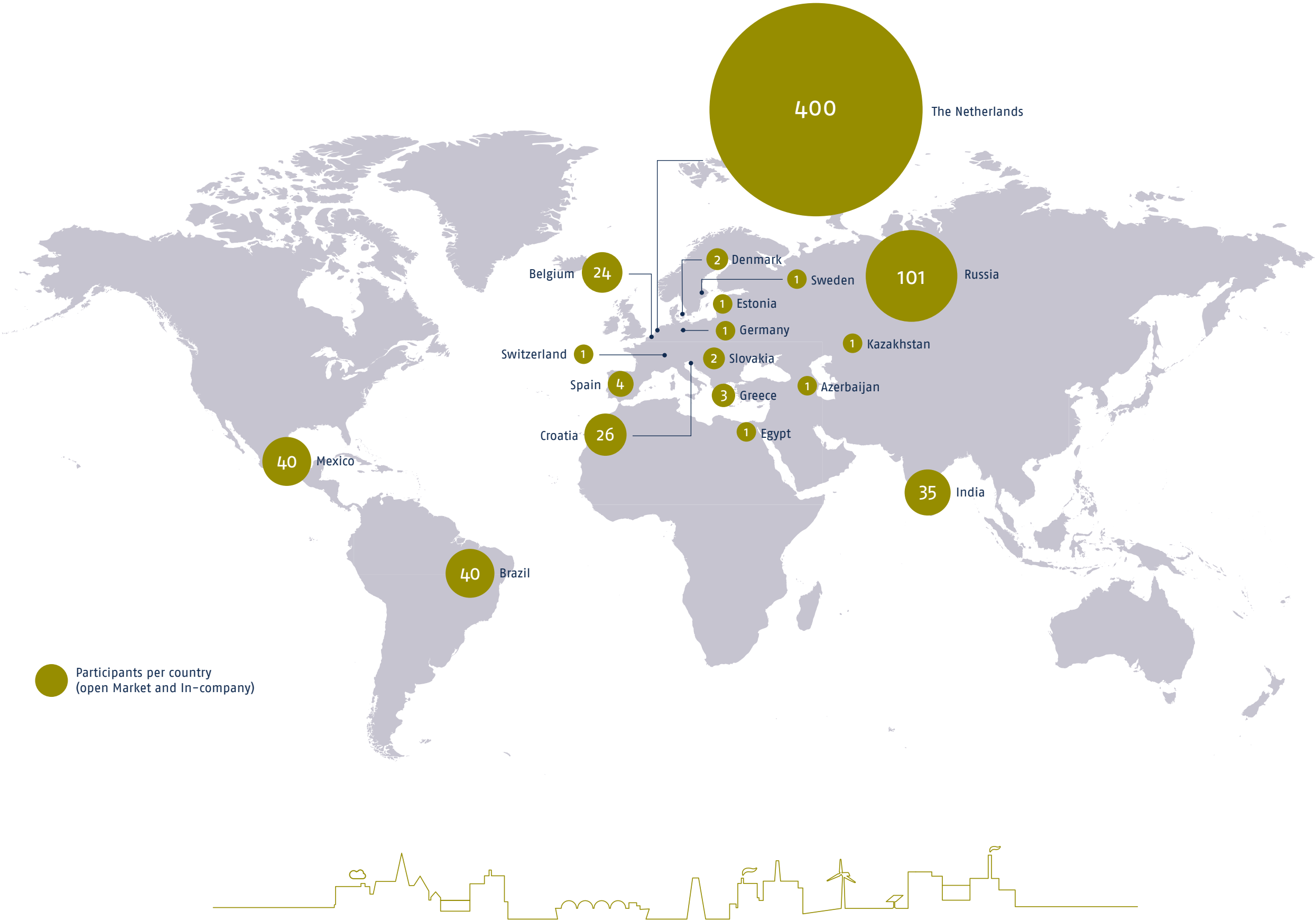
Participants per partner (open market only)



Participants in our courses and Events



Our global reach



2. IN CONCLUSION-AND LOOKING FORWARD

Tailor made executive education

A promising future

2018 was in many ways a year of progress and growth. As mentioned, the number of our participants in the open market courses increased by more than 25% to 250, while we ran a record number of in-company programmes, training over 400 professionals. These successes are also in line with our financial results.

These numbers are not only the outcome of hard work by our team, but also of strategic decisions taken in the previous years, that focused on cultivating the market for in-company programmes. In addition, the general market situation showed to be favourable and we are able to benefit from this demand increase as well. The strategy has proven to be rewarding, but it also will need some fine-tuning to properly integrate it into EDI's business models in the years ahead.

We managed to deliver a more diverse portfolio of customised programmes, in part by tapping into our extensive network of (knowledge) partners.

In successfully delivering these programmes we managed to attract several new customers. We anticipate these trends to continue and our customers base to become more varied in the future.

Well positioned

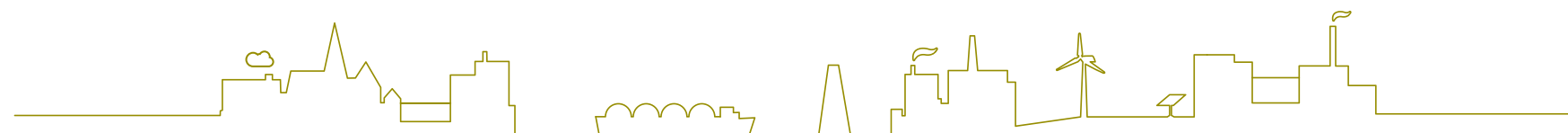
The future looks bright, but in all honesty the rise in in-companies was also fuelled by a booming interest for hydrogen in the Netherlands. We managed to benefit from this, but time will show how sustained this interest will be. Prospects look promising though. This also leads to the issue of striking the right balance that EDI, as an international energy business school, needs to find in serving the Dutch (language) market and the international market for executive energy education, in particular in Northwest Europe.

At the same time, however, we observe new challenges arising on the horizon. On the one hand, a growing customer base leads to training topics becoming increasingly diverse and complex. This is understandable, as developments in the energy sector are fast and challenges numerous, with entirely new industries and services rapidly rising.

On the other hand, the market seems to be demanding shorter programmes or creative solutions, such as the lecture series, that allow employees to leave their workspace for only short periods of time.

We do not expect any special investments in the coming year and we do not expect external financing to be required in accordance with recent years. We have set up our internal control over the prevention of risks and expect that no risks will arise in the short term that could lead to a major financial impact. Our main risk is the loss of partners / partnerships. We work very environmentally conscious. This is not only reflected in the development of courses in the field of sustainability, but also in our accommodation as we are located in an energy-neutral building.

In addressing these questions and challenges, EDI sees itself well positioned. We are flexible and dynamic, able to quickly adapt to a changing environment. With our roots in the natural gas value chain, we recognise the potential that hydrogen and sustainable gases have in the energy transition and for future energy systems. Actually, our founding fathers more than 15 years ago stressed the importance of ultimately moving towards a sustainable and renewable energy portfolio. We are moving into this direction, while remaining loyal to our legacy. But the future will show how quick this transition will be and what turns we will take.



3. FINANCIAL STATEMENTS

Independent accountant's review report.

To: the Board of Stichting Energy Delta Institute

Introduction

We have reviewed the consolidated and company financial statements of Stichting Energy Delta Institute, based in Groningen, which comprise the consolidated and company balance sheet as at 31 December 2018, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements that give a true and fair view and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial

statements that are free from material misstatement, whether due to fraud or error.

Accountant's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with Dutch law, including the Dutch Standard 2400 'Engagements to Review Financial Statements'. This requires that we comply with ethical requirements that we plan and perform the review to be able to conclude whether anything has come to our attention that causes us to believe that the financial statements, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of financial statements in accordance with the Dutch Standard 2400 is a limited assurance engagement. The performed procedures consisted primarily of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not give a true and fair view of the financial position of Stichting Energy Delta Institute as at 31 December 2018, and of its results for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Groningen, 10 April 2019

For and on behalf of BDO Audit & Assurance B.V.,

was signed W.M. Jacobs



Our Financial Position

amounts x 1,000 euro

	Budget EDI 2019	Budget EDI 2018	2018	2017
INCOME				
Education and events*	966	790	828	767
Partner fees	775	775	775	781
Grants				
Other	100	200	163	141
	1,841	1,765	1,766	1,689
COSTS				
Costs of outsourced work and other external charges	956	941	822	839
Employee expenses	666	534	624	500
Other costs	267	305	239	280
	1,889	1,780	1,685	1,619
Operating result	-48	-15	81	70
WORKING CAPITAL		12/31/2018	12/31/2017	
Debtors and other receivables		662	405	
Cash and equivalents		1,428	1,323	
		2,090	1,728	
Short term Liabilites		-824	-503	
Working capital		1,266	1,225	
CASH FLOW		12/31/2018	12/31/2017	
Net result		81	70	
Depreciation		6	9	
		87	79	
Investment fixed assets		0	-1	
MOVEMENTS IN WORKING CAPITAL		87	78	

*including movements in work in progress

Notes on the financial position

For the year 2018, the consolidated result amounted €81,155, while the budgeted result was at – €15,000. This positive development was due to:

- Covering of external staff expenses by the three TKI-GAS research projects above the budgeted amount;
- Results derived from courses was above budgeted amounts and;
- Lower cost of events.

Education and events

The result derived from the courses in 2018 was approximately €75,000 above budget. In 2018 there were almost 30% more participants for open market courses than budgeted. There was also more demand for tailor-made in-company programmes resulting in higher revenues.

Staff

Personnel costs for 2018 were above those in 2017. The number of employment contracts with EDI has decreased to 9 FTEs, because a number of employees have been contracted with NEC. These costs can also be found under personnel costs. The total personnel costs have increased in 2018 compared to 2017 because the number of people working for EDI is 3 more than last year, amounted 13. From January 1, 2019 personnel who were employed by Energy Delta Institute B.V. had the opportunity to change to a contract at New Energy Coalition to limit the amount of different contracts within NEC. Costs will from then on be charged to EDI for the staff working on EDI tasks. No changes are expected in required

full-time equivalents for Energy Delta Institute in the coming years.

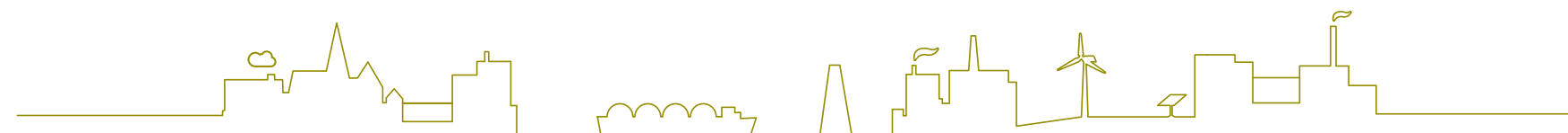
It should be noted that with regard to our CSR-policy, we have introduced an obligatory code of conduct concerning social media and the use of email and internet.

Reserve

The abovementioned positive result of €81,155 was added to the reserve. On December 31st 2018 the reserve amounted €1,266,646. The reserve is earmarked, adding up to €750.000, for the following purposes:

1. The development of an Executive Energy Master with an experienced accredited partner (€150,000). Preparatory work has started, a project proposal for the earmarked reserve will follow.
2. Development of new executive trainings and activities in the field of:
 - a. Hydrogen (€150,000)
 - b. North Sea Energy (€150,000)
 - c. Acquisition, training and conferences in accordance with undermentioned (€300,000)
 - i. Acquisition activities to receive funding for sub a. and sub b.;
 - ii. Digitalisation / Big Data in the Energy Industry Programme;
 - iii. Young professionals (i.e. high potential) course TSO of the Future;
 - iv. International Conference Executive Energy Education together with and for sponsors/founding partners of EDI.

The remainder of the reserve ultimo 2018, after subtracting the personnel reserve as mentioned below, is a general reserve, amounting €413,646.



Personnel and general purposes:

Ultimo 2018 a reserve of €103.000 euro is earmarked to settle potential future obligations towards staff under contract with EDI. Due to shift of contracts from EDI to NEC and the hereby concerning obligation towards staff, the remaining part of the total personnel reserve of €150,000 has been placed in the reserve of New Energy Coalition, amounting €47,000.

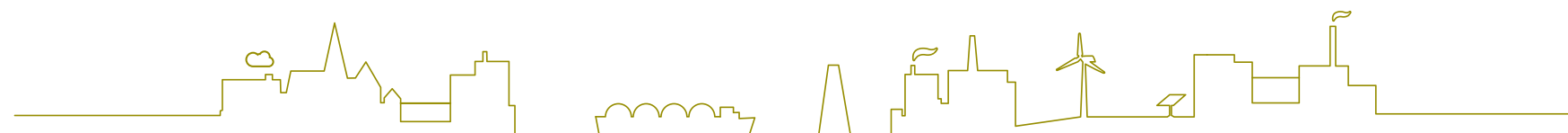
As a result of the aforementioned transfer of staff from Energy Delta Institute to New Energy Coalition, the total personnel reserve will be transferred to New Energy Coalition on 1 January 2019.

Consolidated balance sheet as at December 31, 2018

after proposal result appropriation

Assets		12/31/2018		12/31/2017	
		€	€	€	€
FIXED ASSETS					
Tangible fixed assets	(1)		1,196		6,727
CURRENT ASSETS					
Receivables					
Trade debtors	(2)	549,702		312,102	
Other receivables and accrued assets	(3)	111,984		93,277	
			661,686		405,379
Cash and banks	(4)		1,428,077		1,323,213
Total assets			2,090,959		1,735,319

Equity and Liabilities		12/31/2018		12/31/2017	
		€	€	€	€
GROUP EQUITY			1,266,646		1,232,490
SHORT TERM LIABILITIES					
Trade creditors	(5)	99,579		140,678	
Taxes and social security premiums	(6)	14,967		11,858	
Projects in progress	(7)	47,026		47,252	
Other liabilities and accrued expenses	(8)	662,741		303,041	
			824,313		502,829
Total equity and liabilities			2,090,959		1,735,319



Consolidated statement of income and expenses for the year 2018

		12/31/2018	12/31/2017
		€	€
Net turnover (9)		1,769,264	1,744,533
Movements in projects in progress		-2,826	-54,665
Total income		1,766,438	1,689,868
Expenses work contracted out and other external expenses (10)		822,380	839,348
Personnel expenses (11)		624,300	500,249
Depreciation (12)		5,531	8,783
Other operating expenses (13)		226,247	271,132
Total operating expenses		1,678,458	1,619,512
Operating Result		87,980	70,356
Financial income and expenses (14)		-474	-159
Results from operational activities before taxation		87,506	70,197
Taxes income (15)		6,351	-
Net result after taxation		81,155	70,197

Notes to the financial statements of the consolidated annual report

General

The financial statements have been prepared in accordance with the Dutch Civil Code, Book 2, Chapter 9.

Activities

Energy Delta Insitute is founded on January 31, 2002. by:

- N.V. Nederlandse Gasunie
- University of Groningen

The foundation has its registered office in Groningen, the Netherlands.

The objective of the foundation is to come to a coherent whole of initial and post initial university training and research, in such a manner that the present knowledge in the field of energy, and of gas in particular, is passed on to institutions in the international energy and gas markets, as well as to individuals who are employed in, or in jobs related to, this sector.

The foundation attempts to achieve its objective by:

- Setting up the required knowledge infrastructure;
- Developing training for the gas market and broader energy market;
- Supplying grants for participants who qualify for them;
- Propagating Groningen and the North-ern region as a focal point of gas related knowledge;

- Fund-raising;
- All other legitimate resources.

Consolidation principles

The consolidated financial statements of foundation EDI include the financial information of its group entities and the other corporate bodies which are under the control of leadership of the foundation.

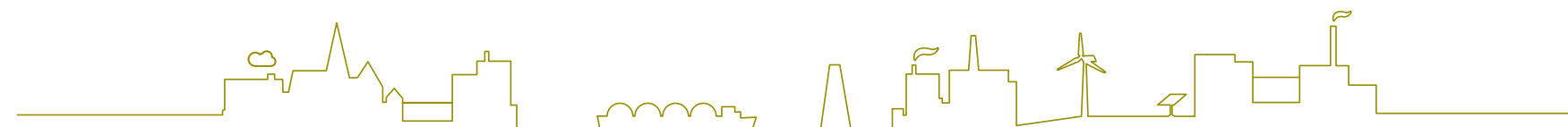
The activities of Energy Delta Institute B.V. take place for the account and risk of Stichting Energy Delta Institute from January 1, 2012. The company financial figures of Energy Delta Institute B.V. are therefore consolidated. From January 1, 2018 Stichting Energy Delta Institute is part of the New Energy Coalition.

Abbreviated profit and loss account

These consolidated financial statements have been prepared by management in accordance with article 2:402 of the Netherlands Civil Code and its generally accepted accounting principles. The Company financial statements present an abbreviated profit and loss account as permitted by the Civil Code.

Estimates

When preparing the financial statements, the director, according to the general principles, make several estimates and assumptions that help determine the amounts in the financial statements. The actual results may deviate from the estimates made.



Accounting policies in respect of the valuation of assets and liabilities

Tangible fixed assets

Tangible fixed assets are presented at cost minus accumulated depreciation and, if applicable, minus 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.

Work in progress

The work in progress on third party contracts is valued at the incurred contract costs increased by the attributed profit and net of recognised losses and invoiced instalments. If the result from a contract cannot be reliably estimated no profit is attributed or recognised as part of work in progress. The contract costs include the costs directly relate to the contract. The percentage of completion is determined on the basis of the contract costs incurred up to the balance sheet date in proportion to the estimated aggregate contract costs. Income and expenses are recognised in the profit and loss account based on the progress of the project. Expenditure incurred in a year concerning project activities are not included in the calculation.

The amounts of work in progress are recognised under the receivables if the amount of the (collective) net income is greater than the sum of the invoiced installments. If the (collective) amount

of the income is less than the invoices, the amount is recognised under the liabilities.

Accounts receivable

Receivables are recorded at fair value and then valued at amortised cost, net of allowances for doubtful accounts, determined individually. On initial recognition the fair value and the amortised cost equal the face value.

Cash at bank

Unless otherwise noted, the liquid assets are available for disposal by the company or group.

Provisions

A provision is recognised when the company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are valued at nominal value.

If the foundation has given a guarantee for losses on educational programmes, a provision is made for these expected losses.

Current liabilities

Short-term liabilities are liabilities due within one year or less.

Accounting policies in respect of result determination

General

The result for the year is the difference between net turnover and all related costs. The costs are determined according to the stated accounting policies.

Profits are realised in the year when the corresponding turnover is realised. Losses are recognised for the year in which it will be reasonable to estimate their existence. The other gains and losses are allocated based on the relating financial year.

Turnover

Net turnover represents amounts invoiced for goods and services supplied during the financial year, net of discounts and value added taxes. Partner donations are taken into account in the book year for which they are granted. In case the funds are not yet spent according to the agreements with them, the remaining amount is added to an earmarked funds.

Under the subsidy revenues, the part of a donation or of a subsidy that is used in a financial year for the activities focussed on realising the targets that are set in the donation or subsidy conditions are justified. In case more subsidies are received than can be attributed to these activities, an earmarked funds will be created.

Cost of sales

The cost of goods sold comprise of amounts incurred for direct and indirect cost of goods and services purchased for sale.

Depreciation and amortisation

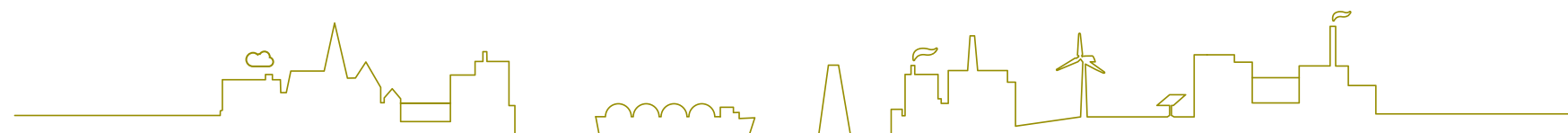
Depreciation relates to the purchase price of the tangible fixed assets. Gains and losses on disposal of tangible fixed assets are recorded under amortisation/ depreciation, gains only to the extent that the gain is not capitalised deducted from replacement investments.

Net financial result

Financial gains and losses are the received (receivable) and paid (payable) interest from/to third parties and group companies.

Taxation

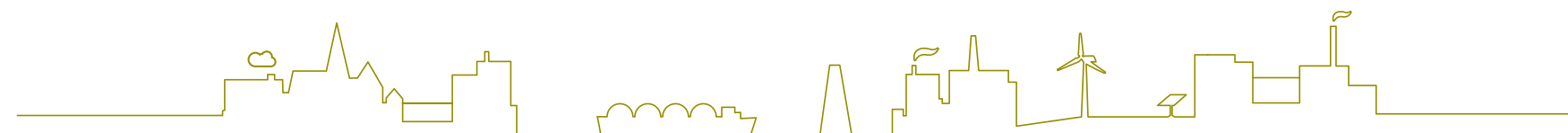
Corporation tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profits calculated according to the financial statements and profits calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.



Notes to the consolidated balance sheet as at December 31, 2018

Assets			12/31/2018	12/31/2017
	€		€	€
1. TANGIBLE FIXED ASSETS		2. TRADE DEBTORS		
<i>Other fixed assets</i>		Trade debtors	405,565	167,696
Balance as at January 1, 2018		To be invoiced	156,251	156,251
Cost	98,096		561,816	323,947
Accumulated depreciation	-91,369	Provision for doubtful debts	-12,114	-11,845
Book value as at January 1, 2018	6,727		549,702	312,102
<i>Movements</i>		3. OTHER RECEIVABLES AND ACCRUED INCOME		
Additions		Taxes and social security premiums		10,267
Depreciation	-5,531	Other receivables	111,984	83,010
Balance Movements	-5,531		111,984	93,277
<i>Balance as at December 31, 2018</i>		4. CASH AND BANKS		
Cost	98,096	ABN AMRO Bank N.V.	1,152,747	1,033,107
Accumulated depreciation	-96,900	ABN AMRO N.V. saving account	275,330	290,106
Book value as at December 31, 2018	1,196		1,428,077	1,323,213

Liabilities		12/31/2018	12/31/2017
		€	€
5. TRADE CREDITORS			
Trade creditors		99,579	140,678
6. TAXES AND SOCIAL SECURITY PREMIUMS			
VAT		2,688	
Wage tax		5,781	11,711
Corporate tax		6,351	
Social security premiums		147	147
		14,967	11,858
7. PROJECT IN PROGRESS			
<i>Project in progress</i>			
Advanced revenues		47,026	47,252
		47,026	47,252
8. OTHER LIABILITIES AND ACCRUED EXPENSES			
Holiday pay accruals		22,956	38,757
Other liabilities		639,786	264,284
		662,742	303,041



Notes to the consolidated statement of income and expenses for 2018

	2018	2017
	€	€
9. NET TURNOVER		
Founding partners	750,000	750,000
Associated partners	25,000	25,000
Affiliated Partners		6,250
Subsidy revenues	46,241	9,221
– Horizon 2020 Store & Go		
Subsidy revenues – TKI NSE 1	44,955	104,985
Subsidy revenues – TKI NSE 2	42,101	6,305
Subsidy revenues – TKI Cranberry	30,120	20,280
Other services	2,301	4,370
Educational programmes	828,546	818,122
	1,769,264	1,744,533
10. EXPENSES WORK CONTRACTED OUT AND OTHER EXTERNAL CHANGES		
Cost of work contracted out	322,750	339,597
Other external expenses	499,630	499,751
	822,380	839,348
<i>Cost of work contracted out</i>		
Communication	3,730	13,482
Costs Moscow office	51,000	51,000
Work contracted	45,695	80,147
Management fees	222,325	194,968
	322,750	339,597
<i>Other external expenses</i>		
Costs educational programs	365,503	330,251
Costs E-Learning	24,216	25,000
TKI NSE 1	16,513	61,807
TKI NSE 2	13,726	82
TKI Cranberry	14,035	2,545
Horizon 2020 Store & Go	10,813	
Other costs	54,824	80,066
	499,630	499,751

Partners

Founding Partners:

- N.V. Nederlandse Gasunie
- GasTerra
- PJSC Gazprom
- Shell
- University of Groningen (in kind)

Associated

Partners:

- Enagás

Affiliated Partners

- A. Hak
(end of contract
March 31, 2017)

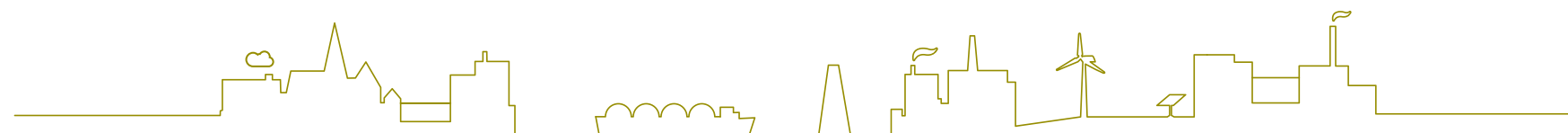
Educational programmes

The revenues of educational programs are revenues in Energy Delta Institute B.V.

	2018	2017
	€	€
11. PERSONNEL EXPENSES		
Wages and salaries	545,172	408,668
Social security premiums and pension costs	79,128	91,581
	624,300	500,249
12. DEPRECIATION		
Depreciation of tangible fixed assets	5,531	8,783
13. OTHER OPERATING EXPENSES		
Other staff expenses	21,852	20,387
Housing expenses	30,568	47,477
Selling expenses	66,555	55,464
Office expenses	52,221	37,955
General expenses	55,051	109,849
	226,247	271,132
14. FINANCIAL INCOME AND EXPENSE		
Other interest and similar income		1,350
Interest and similar expenses	-474	-1,509
	-474	-159
15. TAXES ON INCOME		
Corporate income tax	6,351	-

Average number of employees

During the year 9 employees were employed by the group on the basis of a full time contract of services (2017: 10)
Wages and salaries are included wages, social security premiums and pension costs charged from New Energy Coalition to Energy Delta Institute.



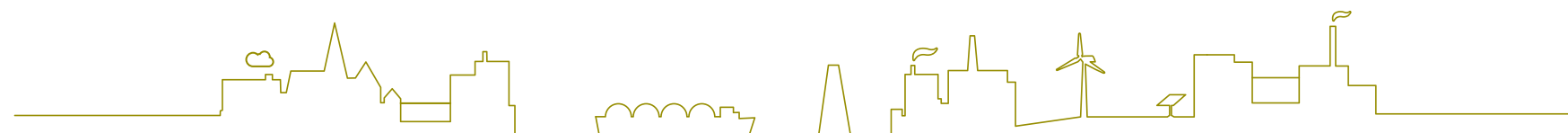
Company balance sheet as at December 31, 2018

after proposal result appropriation

Assets		12/31/2018		12/31/2017	
		€	€	€	€
FIXED ASSETS					
Financial fixed assets	(16)	276,109		241,339	
			276,109		241,339
CURRENT ASSETS					
Receivables		301,381		325,944	
Cash and banks		1,321,001		952,393	
			1,622,382		1,278,337
Total assets			1,898,491		1,519,676
Equity and Liabilities					
		12/31/2018		12/31/2017	
		€	€	€	€
FOUNDATION EQUITY	(17)				
General reserve		413,646		332,490	
Earmarked funds		853,000		900,000	
			1,266,646		1,232,490
SHORT TERM LIABILITIES					
Trade creditors		241,765		129,303	
Liabilities to group companies		-		-	
Other liabilities and accrued expenses		390,080		157,883	
			631,845		287,186
Total equity and liabilities			1,898,491		1,519,676

Company abbreviated profit and loss account for 2018

	2018		2017	
	€	€	€	€
Income from participations in group and associated companies (18)		34,770		122,932
Company result after taxes		46,385		-52,735
Net result after taxation		81,155		70,197



Notes to the company balance sheet as at December 31, 2018

Assets / Fixed assets	12/31/2018		12/31/2017	
	€		€	
16. FINANCIAL FIXED ASSETS				
Participations in group companies		276,109		241,339

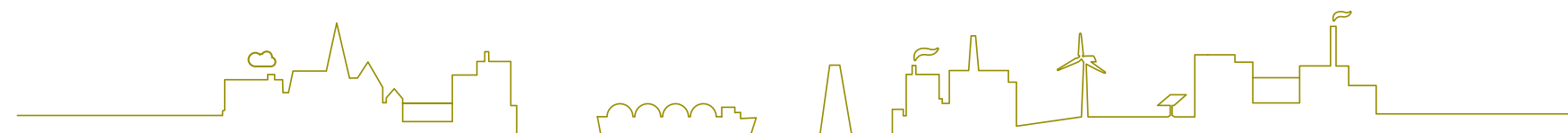
An overview of the financial fixed assets can be found below:

PARTICIPATIONS IN GROUP COMPANIES				
Energy Delta Institute B.V., Groningen (100%)				
<i>Balance as at January 1, 2018</i>				
Principal value			241,339	
Share in result			34,770	
Balance as at December 31, 2018			276,109	

Equity		Reserve	
	€		
17. FOUNDATION EQUITY			
<i>Balance as at January 1, 2018</i>		1,232,490	
<i>Personnel reserve placed in the reserve of NEC</i>		-47,000	
Appropriation of result		81,155	
Balance as at December 31, 2018		1,266,646	

Notes to the company abbreviated profit and loss account for 2018

	2018	2017
	€	€
18. INCOME FROM PARTICIPATIONS IN GROUP AND ASSOCIATED COMPANIES		
Result of Energy Delta Institute B.V.	34,770	122,932



4. ADDITIONAL INFORMATION

Profit appropriation

The profit appropriation for 2018 can be found on page 21 of this report.

Foundation & Executive Board

The organisation's legal entity is in the form of a Dutch foundation.

Name: Stichting Energy Delta Institute

Address

Nijenborgh 6 9747 AG Groningen

Executive Board

The following person is member of the Executive Board:
Drs. G.J. Lankhorst – Director New Energy Coalition

Groningen, 10 April 2019

The English version of this annual report is leading.

