

# THE ENERGY BUSINESS SCHOOL OF TODAY & TOMORROW

---



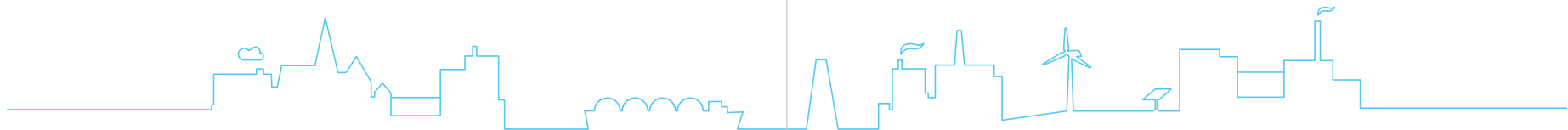
## ANNUAL REPORT 2017



ENERGY DELTA INSTITUTE  
ENERGY BUSINESS SCHOOL

# TABLE OF CONTENTS

<b>1. The year 2017 in retrospective</b>	<b>4</b>
<b>2. Looking forward</b>	<b>14</b>
<b>3. Financial Statements</b>	<b>16</b>
Financial position	16
Notes to the financial position	17
Consolidated balance sheet	18
Consolidated statement of income and expenses	19
Notes to the financial statements	20
Notes to the consolidated balance sheet	23
Notes to the consolidated statement of income and expenses	25
Company balance sheet	27
Company abbreviated profit and loss account	28
Notes to the company balance sheet	29
Notes to the company abbreviated profit and loss account	30
Independent auditor's report	31
<b>4. Additional information</b>	<b>35</b>



# 1. THE YEAR 2017 IN RETROSPECTIVE

We are happy to report that we managed to close the year 2017 with a positive result both financially as well as professionally. In our annual report for 2016 we noted that “in previous years shrinking income of energy companies meant that less resources were allocated to education and training of staff”. Energy Delta Institute (EDI) too felt -and still feels- the repercussions of this. But as the financial figures for 2017 will show, we have managed to break away from this and return our operating results to a moderately upward trend.

As we know, the energy sector today is subject to dynamic changes. History has taught us that each industrial era was more or less dominated by a distinct energy source.

After coal came oil, which again gave way to natural gas and nuclear. In many parts of the world we are now witness to what might be called ‘the dawn of the renewables era’. But whereas the sources of energy will increasingly be renewable, the carriers may vary. And there are strong indications that fossil fuels will remain the dominant part of the energy mix for years to come. Growth in natural gas consumption and trade is foreseen for many parts of the world, often as part of a policy drive towards a reduction in CO2 – especially when gas replaces coal and oil. Natural gas also paves the way for a broader application of renewable gases. Hydrogen attracts growing interest and (pilot) project investment.

## THE FINANCIAL RESULT FOR 2017 IN COMPARISON TO 2016

Amounts x 1,000 euro	BUDGET 2018	2017	BUDGET 2017	2016
INCOME	1,765	1,689	1,852	1,761
COSTS	1,780	1,619	1,878	1,800
OPERATING RESULT	-15	70	-26	-39

The wording used all too often to describe the shift to renewables is ‘energy transition’. But industries, societies and companies find themselves in many parallel transitions. Innovation is driving the emergence of circular economies, digital transformation and intelligent automation. Traditional forms of administration and organisation are being challenged by new agile organisational paradigms. In other words, the energy transition is part of a global transition, which is all-encompassing. In the year 2017 we too saw this reflected in our portfolio.

We were pleased to welcome Jeanet van Dellen in 2017 as the new Managing Director. New developments are coming in quick succession. Education and energy are no exception to this and are being ‘reinvented’. Each of us holds a piece of the puzzle and we will have to keep working together with many partners to stay relevant as the energy business school of today and tomorrow.

## Maintaining a regional focus

With the majority of our participants coming from the EU and almost a quarter from the Russian Federation, we maintain a strong basis and focus on these respective regions.

In 2016 we also adopted a new strategy focusing on specific areas for growth of activities. It was decided to target three parts of Europe: the North Sea area, the Baltics and Southeast Europe. In 2017 we further followed this strategy, strengthening our ties and introducing new activities and programmes. In addition, we continued

to build on our cooperation with Asian partners, which went mainly via our existing networks in India and Malaysia.

As the North Sea region is traditionally considered EDI’s home ground, it is understandable that our geographic focus lies with the Netherlands and its neighbouring countries. Here we observed increasing interest for the deployment of offshore wind energy and the consequent potential for green hydrogen. Our hydrogen masterclass, which we started late 2017, was met with great interest. Furthermore, together with other stakeholders, we continue to be involved in studies on offshore wind and its conversion to hydrogen.

Some successes worth mentioning in the other regions are the following. In the Baltics, we managed to organise the International Gas Value Chain (IGVC) course in Vilnius, Lithuania, while further expanding our network with the support of Dutch embassies in the region. In South-east Europe, we signed an MoU with the University of Zagreb and jointly organised a Summer School on LNG in Croatia. We provided speakers at this school and at several other industry events in Croatia in order to increase its profile and get additional course participants from the region.

Within the framework of our MoU with Universiti Teknologi Petronas in Malaysia, we were happy to welcome guest lecturers from Petronas in both the International Gas Business and Cooperation (IGBC) and Natural Gas Strategy courses (NGSC). Thanks to Petronas, the IGBC that finds its origin in the International Business Congress (IBC), has been added a valuable Asian dimension.

## More participants - fewer programmes

In 2017, thirteen EDI open market courses took place. We continued our strategy of offering a more select number of courses compared with earlier years, so as to make optimal use of our limited marketing and development capacity. It has resulted in a somewhat tighter portfolio of programmes, but on balance a larger number of participants per course. In 2017 the total number of participants in our open market courses was 198, against 158 in 2016.

The idea behind a leaner portfolio is also to leave more room for developing and executing in-company programmes, for which we believe there to be a growing market. In 2017 we continued our pro-active approach and investments in this direction, but the number of in-company programmes was somewhat less than anticipated.

We remain confident that we will be able to capitalise more on the potential for in-company programmes in the years ahead, as the growing complexity of the energy industry and stronger customer cost focus requires a more customised approach.

### PARTICIPANTS PER COURSE 2017

#### TOP 5 IN-HOUSE 2017



#### TOP 5 OPEN MARKET PROGRAMMES 2017



## The portfolio's diversity is customer-driven

By its legacy EDI is an energy business school with a strong foundation in natural gas. At the same time, we find ourselves in the middle of a dynamic energy environment, where the energy transition issues and related challenges are now more often on the corporate and policy agenda. Naturally, this has not stayed without consequences for the knowledge need in the sector and this has been reflected into our portfolio. Several excellent EDI lecturers provide an insight in

renewables development and in the interaction between natural gas and renewables.

There is an expectation that global natural gas demand will continue to increase. In a European context hopes are high that new zero emission gases, such as green gases and hydrogen, can provide a case for gas to play an important role in the energy system of the future. This could lead to new synergies between renewable energies and natural gas, leading to the development of new knowledge and business cases.

### HOSTING PARTNERS 2017

#### NORTH SEA AS AN ENERGY POWERHOUSE

Hosting partner: Siemens, The Hague

#### MASTERCLASS IN LNG INDUSTRY

Hosting partner: Enagás, Barcelona

#### INTERNATIONAL GAS VALUE CHAIN

Hosting partner: Amber Grid, Vilnius

#### EXECUTIVE PROGRAMME ENERGY TRANSITION AND INNOVATION

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

#### MASTERCLASS IN SAFETY, CULTURE AND LEADERSHIP

Hosting partner: Enagás, Barcelona

#### EXECUTIVE PROGRAMME NATURAL GAS STRATEGY COURSE

Hosting partner: GasConnect Austria, Vienna & NAFTA, Bratislava

#### LECTURE SERIES 'THE FUTURE IS ELECTRIC!' (IN DUTCH)

Hosting partner: Nyenrode Business University, Breukelen

#### EXECUTIVE PROGRAMME INTERNATIONAL GAS BUSINESS AND COOPERATION

Hosting partner: Gazprom International, Amsterdam, Rosneft & Skolkovo School of Management, Moscow

#### MINI MBA NEW ENERGY REALITIES

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

#### EUROPEAN ENERGY REGULATION

Hosting partner: Gazprom Corporate Institute, Moscow

#### MASTERCLASS HYDROGEN IN ONE DAY (IN DUTCH)

Hosting partner: DNV-GL, Groningen

## Open market courses

In 2017, we succeeded in running, as mentioned above, thirteen open market programmes. The second module of *Large Energy Projects* and both modules of the *Natural Gas Strategy Course* were offered for the last time as part of the *Master of Gas Business Management*. It is worth mentioning that our classical course *International Gas Value Chain*, which will witness its 25<sup>th</sup> edition in 2018, continues to enjoy a very high rating.

Due to an insufficient number of participants, the *Masterclass in Small Scale LNG* and the *Advanced Leadership Programme in Energy Management* were cancelled. The latter, which was developed with the support of Indian knowledge partners, was supposed to consist of one module in India and one in the Netherlands. We are reviewing how to proceed in the Indian market. For now we look forward to continue training Indian professionals in the Netherlands.

We both optimised and added new programmes to our portfolio in 2017. These were *Masterclass in Safety Culture and Leadership*, *Lecture Series 'The future is electric!'* (In Dutch) and *Masterclass Hydrogen in one day* (In Dutch). As mentioned in our annual report of 2016, the *Fellowship on Energy Programme* was remodelled into the *Executive Programme International Gas Business and Cooperation*, consisting of two modules.

The last of the participants in our *Executive Master of Finance & Control for the Energy Industry* and *Master Gas Business Management* graduated. Although we currently do not offer an executive Master Programme, it is EDI's ambition to once again offer a master that meets the needs and expectations of its partners and the market. We explored options in this direction in 2017 and will take further actions in 2018.

### TOP 5 BEST-VALUED PROGRAMMES



## In-company programmes

For reasons mentioned above, we think that the potential for in-company programmes remains promising. In 2016 we decided to pay more attention to this market and reached some first good results. Although in 2017 we witnessed less turnover from in-company programmes, we organised one on European energy regulation for Gazprom and had many visiting Indian participants from ONGC in a one day programme.

We also had some interesting new customers, such as Israel Natural Gas Lines. Moreover, in 2017 we developed an online energy value chain course for all employees of Dutch energy company Eneco. Online learning, we feel, could increasingly become part of in-company or customised learning programmes and we are therefore developing our competences in this direction as well.

## Events

The organising of events, providing content or logistical support to them remains an important instrument in nurturing EDI's profile as an international energy business school. In April 2017 we organised our traditional annual International Supervisory Board (ISB) and International Partner Meeting (IPM) in Saint Petersburg, where we enjoyed the excellent support of our founding partner Gazprom and Saint-Petersburg State University of Economics. The IPM, which was dedicated to 'A global energy market and opportunities for executive education', was not only attended by our partners from Europe, but we also welcomed partners from Asia. A diverse

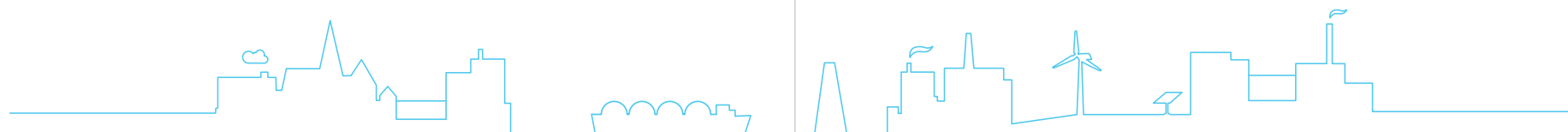
international panel discussed the future of executive education, which provided valuable input for our international programmes.

Together with the Russian Trade Representation in the Netherlands we organised a roundtable on Russian-Dutch cooperation in the sphere of conventional and renewable energy. Interest for the event was high and very well attended. We managed to reach some new companies as a result of the event.

As part of our regional approach to achieve more exposure, we not only attended major conferences and events in the North Sea region, such as Flame in Amsterdam, The Netherlands and E-World in Essen, Germany, but also took part in local events in the Baltics and Southeast Europe, like the Baltic Energy Forum in Vilnius, Lithuania in November, or the Central and East European Gas Conference in Zagreb, Croatia in March. Ways of participations varied from presentations to moderating sessions. On occasion we enjoyed the support of Dutch embassies in reaching new potential clients.

In September we organised, in collaboration with our partners from the New Energy Coalition, the Symposium 'Wind-meets-Gas' in Groningen. The key focus of the event was centred around the latest developments concerning the North Sea area. Attention zoomed in on the most important and recent initiatives that have been taken by companies, public authorities and knowledge institutes in this area. The event had over a hundred participants.

In October, the third edition of the Micro MBA took place at Nyenrode Business University under the motto of 'Survival of the smartest'. The event was attended by



## HIGHLIGHTS OF EVENTS IN 2017

### PARTICIPANTS



more than 150 young energy professionals and dealt with successful transformations and strategies of major companies. Several experts lectured on what this meant for companies in the energy sector in particular.

As in previous years EDI took part in the Youth Day of the International Gas Forum in Saint Petersburg and recruited Dutch participants for the youth competition. We were happy to host the winning Russian team from the 2016 Youth Day in Groningen for an inspiring week.

## Partnering with New Energy Coalition

In 2017 the Board of the EDI Foundation formalised the cooperation with the Foundation Energy Valley and the Foundation Energy Academy Europe into the new Foundation “New Energy Coalition” (NEC). The foundation’s mission is to make an essential contribution to the energy transition on a national and international level. Joining forces in the New Energy Coalition brings

opportunities in building further on the strengths of EDI and in growing the EDI portfolio in the field of energy transition training. This also brings a useful expansion of the EDI network and customer-base. During 2017 the cooperation already resulted in the successful introduction of the EDI Masterclass Hydrogen.

The Director of New Energy Coalition functions as executive for the underlying Foundations. The International Supervisory Board (ISB) for EDI will remain in place, composed of its founding partners, also the brand EDI will remain. The ISB will continue to maintain their role and responsibilities.

## THE PARTNER NETWORK

### FOUNDING PARTNERS:

GasTerra B.V., PJSC Gazprom, N.V. Nederlandse Gasunie, Shell, University of Groningen

### ASSOCIATED PARTNERS:

Enagás

### BUSINESS PARTNERS:

Eneco, ENGIE, Gas Connect Austria, NAFTA, ONGC, PwC, Rosneft  
N.V. Nederlandse Gasunie, GasTerra B.V., PJSC Gazprom, University of Groningen, Shell

### KNOWLEDGE PARTNERS:

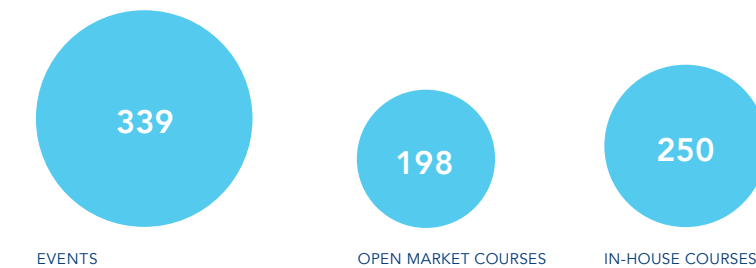
Clingendael, Energy Academy Europe, Energy Delta Research Centre (EDReC), Energy Valley, ESCP Europe, European School of Management and Technology, Gubkin Russian State University of Oil & Gas, Higher School of Economics, St. Petersburg University of Economics, Institute of World Economy and International Relations (IMEMO), Indian Institute of Management Indore (IIMI), Moscow School of Management SKOLKOVO, Moscow State Institute of International Relations (MGIMO), Nyenrode Business University, Oxford Institute for Energy Studies (OIES), Universiti Teknologi Petronas (UTP), PwC Academy, RWTH Aachen University, TNO.

## PARTICIPANTS IN OUR COURSES AND EVENTS

### PARTICIPANTS PER PARTNER (EVENTS EXCLUDED)

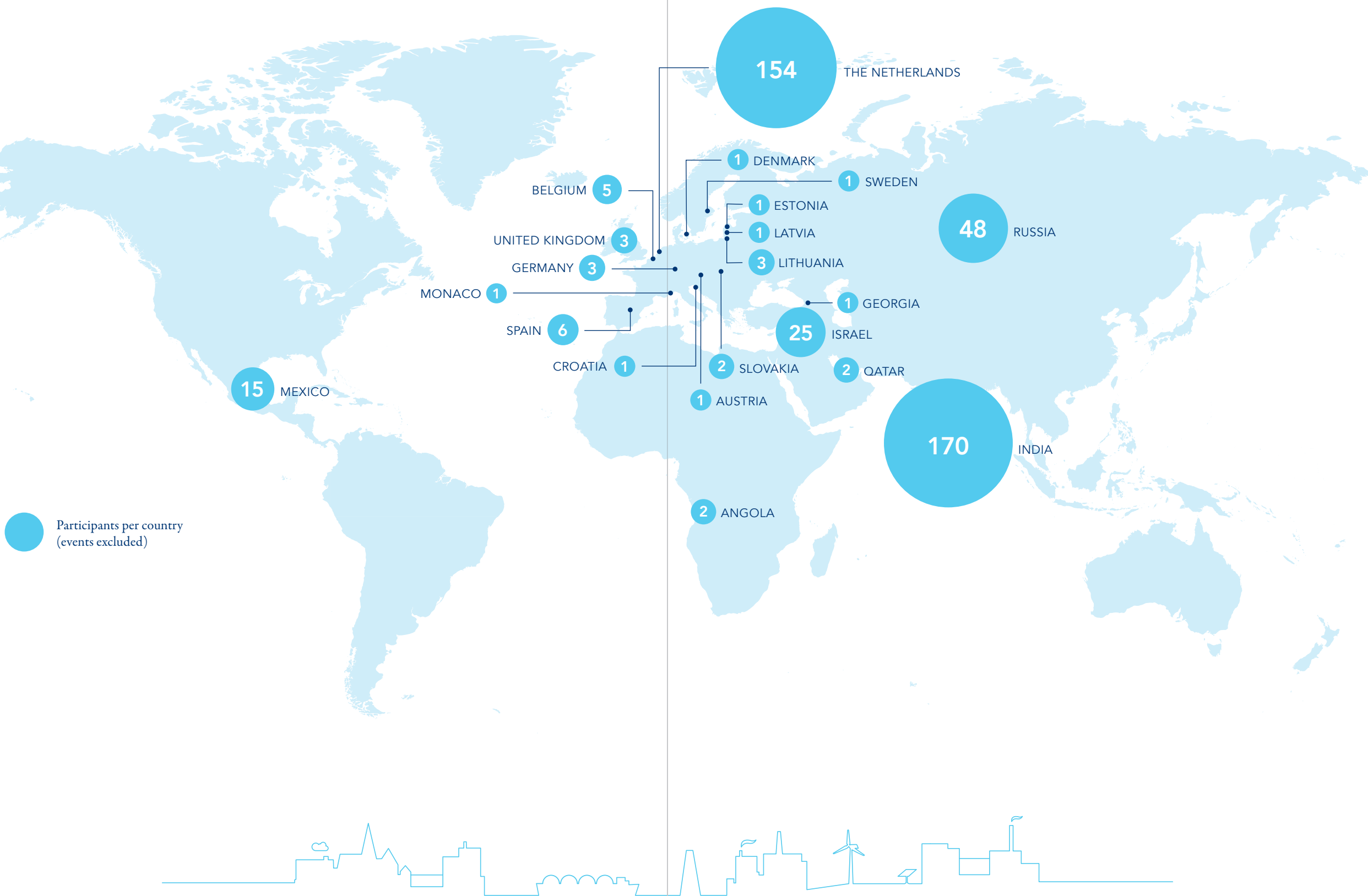


### PARTICIPANTS IN OUR COURSES AND EVENTS





OUR GLOBAL REACH



## 2. LOOKING FORWARD

Over the past 15 years EDI has become an internationally recognised and much valued energy business school that delivers high quality executive education and programmes. It takes time and effort to build such a reputation. Thousands of alumni and dozens of human resource departments are aware of our existence. This is of great value and we will safeguard the EDI brand and identity.

### Modern business school

Technological innovations are changing the world as we know at a rapid pace. The way we live, work, learn and teach will change greatly in the years to come. We consider it as a challenge to adapt to this new environment and remain a modern business school. We aim to stay relevant and educate the energy professionals of the future, while staying on top of the developments.

In order to give these ambitions directions in the years ahead, we have set goals for 2022. Amongst these are to increase the number of students to 500 annually by broadening our target group with amongst others entrepreneurs and policy makers. In addition we want to set up an Executive Energy Master programme and develop new online learning methods.

For 2018 concrete objectives are the development and roll out of new open market and in-company programmes focusing on new gases, such as hydrogen and green gases, and North Sea Energy. Furthermore, we will run a first course on digital transformation in the lecture series (in Dutch) in cooperation with Nyenrode Business University.

### Partnerships and cooperation

In recent years EDI has achieved new synergies with regard to strengthening its network and knowledge base on a Northwest European level. Since this is to some extent our natural environment, it speaks for itself that a solid base among customers on the 'home ground' is of importance.

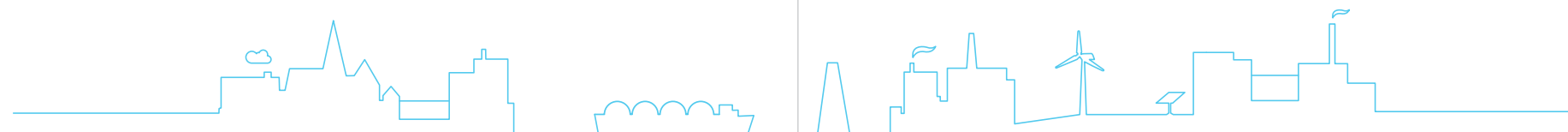
At the same time it remains crucial, given global energy industry developments, to build a stronger international network. The many challenges of today and tomorrow will require answers that can only be found on a global level. We therefore continue to sustain and invest in our network with new European, Russian and Asian partners and others who we believe to be supportive and relevant to our efforts.

Much of our knowledge and programmes on natural gas are still very actual and this knowledge is in demand in many parts of the world. International networks, such as the International Business Congress and International Gas Union, act as useful networks in bringing across our knowledge and programmes. We aim to benefit increasingly from our participation in those bodies.

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.

We especially know how important it is to have the right staff to secure the position we have in delivering excellent Executive Energy Education and therewith contributing to the personal and professional development of our alumni. We will recruit staff as needed to meet the goals outlined here and to satisfy the needs of the founding and other partners and customers. In conclusion, while we seem to be improving our financial position, we remain an energy business school in transition. Our portfolio will continue to be subject to change, as we have to serve the changing market demands. We expect (new) gas will continue to play an important part. In the past 15 years we have built a respectable and international reputation. We are focused on

upholding this reputation, while securing EDI as the energy business school of today and tomorrow.





### 3. FINANCIAL STATEMENTS

#### Our Financial Position

amounts x 1,000 euro

	Budget 2018	Budget 2017	2017	2016
<b>INCOME</b>				
Education and events*	790	961	767	754
Partner fees	775	875	781	862
Grants				102
Other	200	16	141	43
	<b>1,765</b>	<b>1,852</b>	<b>1,689</b>	<b>1,761</b>
<b>COSTS</b>				
Costs of outsourced work and other external charges	941	1,037	839	950
Employee expenses	534	509	500	522
Other costs	305	332	280	328
	<b>1,780</b>	<b>1,878</b>	<b>1,619</b>	<b>1,800</b>
<b>Operating result</b>	<b>-15</b>	<b>-26</b>	<b>70</b>	<b>-39</b>
<b>WORKING CAPITAL</b>				
	<b>12/31/2017</b>		<b>12/31/2016</b>	
Debtors and other receivables		405		429
Cash and equivalents		1323		1323
		1,728		1,752
Short term Liabilites		-503		-605
<b>Working capital</b>		<b>1,225</b>		<b>1,147</b>
<b>CASH FLOW</b>				
	<b>12/31/2017</b>		<b>12/31/2016</b>	
Net result		70		-39
Depreciation		9		9
		79		-30
Investment fixed assets		-1		0
<b>MOVEMENTS IN WORKING CAPITAL</b>		<b>78</b>		<b>-30</b>

\* including movements in work in progress

#### Notes on the financial position

For the year 2017, the consolidated result amounted €70,197, while the budgetted result was at - €26,000.

This positive development was due to:

- Covering of staff expenses by the three TKI-GAS research projects above the budgetted amount;
- Results derived from courses above budgetted amounts and
- Lower cost of management and general expenses.

##### Education and events

The result derived from the courses in 2017 was approximately €25,000 above budget. In 2017 fewer open market courses were offered as compared to 2016, which resulted in more time for recruitment of participants of each course.

##### Staff

Personnel costs for 2017 were below those in 2016. Number of (own) staff amounted to ten in 2017, 1 fte less than in 2016.

Costs for external staff were reduced compared to 2016. No changes are expected in the number of FTEs in the coming years.

Moreover, part of the experts costs were covered by other revenues.

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 €70,197 was added to the reserve.

On December 31st 2017 the reserve amounted €1,232,490.

The reserve is an earmarked fund for the following reserve:

1. The development of an Executive Energy Master with an experienced accredited partner (€150,000).

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 2017, after subtracting the personnel reserve as mentioned below, is a general reserve.

##### Personnel and general purposes:

Ultimo 2017 a reserve of 150.000 euro is earmarked to settle potential future obligations towards staff under contract with EDI.

## Consolidated balance sheet as at December 31, 2017

*After proposal result appropriation*

Assets				
		12/31/2017		12/31/2016
		€	€	€
<b>FIXED ASSETS</b>				
Tangible fixed assets (1)			6,727	14,921
<b>CURRENT ASSETS</b>				
Receivables				
Trade debtors (2)		312,102		392,076
Other receivables and accrued assets (3)		93,277		36,633
			405,379	428,709
Cash and banks (4)			1,323,213	1,323,206
<b>Total assets</b>			<b>1,735,319</b>	<b>1,766,836</b>
<b>Equity and Liabilities</b>				
		€	€	€
<b>GROUP EQUITY</b>			1,232,490	1,162,294
<b>SHORT TERM LIABILITIES</b>				
Trade creditors (5)		140,678		84,795
Taxes and social security premiums (6)		11,858		39,268
Work in progress (7)		47,252		101,580
Other liabilities and accrued expenses (8)		303,041		378,899
			502,829	604,542
<b>Total equity and liabilities</b>			<b>1,735,319</b>	<b>1,766,836</b>

## Consolidated statement of income and expenses for the year 2017

		12/31/2017		12/31/2016
		€	€	€
Net turnover (9)		1,744,533		1,685,702
Movements in work in progress		-54,665		76,474
<b>Total income</b>			<b>1,689,868</b>	<b>1,762,176</b>
Expenses work contracted out and other external expenses (10)		839,348		950,497
Personnel expenses (11)		500,249		522,431
Depreciation (12)		8,783		9,154
Other operating expenses (13)		271,132		317,955
<b>Total operating expenses</b>			<b>1,619,512</b>	<b>1,800,037</b>
<b>Operating Result</b>			<b>70,356</b>	<b>-37,861</b>
Financial income and expenses (14)			-159	-957
<b>Results from operational activities before taxation</b>			<b>70,197</b>	<b>-38,818</b>
Taxes income (15)			-	-
<b>Net result after taxation</b>			<b>70,197</b>	<b>-38,818</b>

## 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 Institute 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:

- a. Setting up the required knowledge infrastructure;
- b. Developing training for the gas and broader energy market;
- c. Supplying grants for participants who qualify for them;
- d. Propagating Groningen and the northern region as a focal point of gas related knowledge;
- e. Fund-raising;
- f. 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.

### 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

related 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 instalments. 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 the 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.

#### Costs 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 amortization

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 incompanies.

#### *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 statement 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, 2017

Assets		12/31/2017 12/31/2016	
	€	€	€
<b>1. TANGIBLE FIXED ASSETS</b>		<b>2. TRADE DEBTORS</b>	
<i>Other fixed assets</i>		Trade debtors	167,696 255,031
Balance as at January 1, 2017		To be invoiced	156,251 150,000
Cost	97,548		<b>323,947 405,031</b>
Accumulated depreciation	-82,627	Provision for doubtful debts	-11,845 -12,955
<b>Book value as at January 1, 2017</b>	<b>14,921</b>		<b>312,102 392,076</b>
<i>Movements</i>		<b>3. OTHER RECEIVABLES AND AND ACCRUED INCOME</b>	
Additions	548	Taxes and social security premiums	10,267
Depreciation	-8,743	Other receivables	83,010 36,633
<b>Balance Movements</b>	<b>-8,195</b>		<b>93,277 36,633</b>
Balance as at December 31, 2017		<b>4. CASH AND BANKS</b>	
Cost	98,096	ABN AMRO Bank N.V.	1,033,107 731,293
Accumulated depreciation	-91,370	ABN AMRO N.V. saving account	290,106 591,913
<b>Book value as at December 31, 2017</b>	<b>6,726</b>		<b>1,323,213 1,323,206</b>

Liabilities	12/31/2017 €	12/31/2016 €
<b>5. TRADE CREDITORS</b>		
Trade creditors	140,678	84,796
<b>6. TAXES AND SOCIAL SECURITY PREMIUMS</b>		
VAT		27,842
Wage tax	11,711	11,280
Social security premiums	147	147
	<b>11,858</b>	<b>39,269</b>
<b>7. WORK IN PROGRESS</b>		
Work in progress		
Advanced revenues	47,252	101,580
Capitalized expenditures		
	<b>47,252</b>	<b>101,580</b>
<b>8. OTHER LIABILITIES AND ACCRUED EXPENSES</b>		
Holiday pay accruals	38,757	30,950
Other liabilities	264,284	343,067
Accrued liabilities		25,000
	<b>303,041</b>	<b>399,017</b>

### Off-balance-sheet Commitments

#### Lease obligations

The company has contractual rent of €47,500 (2016: €59,000).

There are no obligations with a term exceeding five years.

### Notes to the consolidated statement of income and expenses for 2017

	2017 €	2016 €
<b>9. NET TURNOVER</b>		
Founding partners	750,000	750,000
Associated partners	25,000	86,950
Affiliated Partners	6,250	25,000
Subsidy revenues	9,221	
- Horizon 2020 Store & Go		
Subsidy revenues - TKI NSE 1	104,985	
Subsidy revenues - TKI NSE 2	6,305	
Subsidy revenues - TKI Cranberry	20,280	
TKI GAS Externalities Power 2 Gas Study		101,750
Other services	4,370	43,635
Educational programmes	818,122	678,367
	<b>1,744,533</b>	<b>1,685,702</b>
<b>10. EXPENSES WORK CONTRACTED OUT AND OTHER EXTERNAL CHANGES</b>		
Cost of work contracted out	339,597	371,139
Other external expenses	499,751	579,358
	<b>839,348</b>	<b>950,497</b>
<i>Cost of work contracted out</i>		
Communication	13,482	5,098
Costs Moscow office	51,000	50,000
Work contracted	80,147	71,878
Management fees	194,968	244,163
	<b>339,597</b>	<b>371,139</b>
<i>Other external expenses</i>		
Costs educational programs	330,251	382,618
Costs E-Learning	25,000	25,000
TKI GAS Externalities Power 2 Gas Study		82,830
TKI NSE 1	61,807	
TKI NSE 2	82	
TKI Cranberry	2,545	
Other costs	80,066	88,910
	<b>499,751</b>	<b>579,358</b>

### Partners

#### Founding Partners:

- Gasterra  
- Gasunie  
- PJSC Gazprom  
- Shell  
- University of Groningen (in kind)

#### Associated Partners:

- Enagás

#### Affiliated Partners

- A. Hak (until March 2017)

### Educational programmes

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

	2017	2016
	€	€
<b>11. PERSONNEL EXPENSES</b>		
Wages and salaries	408,668	423,180
Social security premiums and pension costs	91,581	99,251
	<b>500,249</b>	<b>522,431</b>
<b>12. DEPRECIATION</b>		
Depreciation of tangible fixed assets	8,783	9,154
<b>13. OTHER OPERATING EXPENSES</b>		
Other staff expenses	20,387	31,729
Housing expenses	47,477	91,885
Selling expenses	55,464	66,856
Office expenses	37,955	52,150
General expenses	109,849	75,335
	<b>271,132</b>	<b>317,955</b>
<b>14. FINANCIAL INCOME AND EXPENSE</b>		
Other interest and similar income	1,350	737
Interest and similar expenses	-1,509	-1,694
	<b>-159</b>	<b>-957</b>
<b>15. TAXES ON INCOME</b>		
Corporate income tax	-	-

### Average number of employees

During the year 10 employees were employed by the group on the basis of full time equivalents (2016: 11)

## Company balance sheet as at December 31, 2017

*After proposal result appropriation*

Assets	12/31/2017		12/31/2016	
	€	€	€	€
<b>FIXED ASSETS</b>				
Financial fixed assets (16)	241,339		118,407	
		241,339		118,407
<b>CURRENT ASSETS</b>				
Receivables	325,944		187,997	
Cash and banks	952,393		1,104,821	
		1,278,337		1,292,818
<b>Total assets</b>		<b>1,519,676</b>		<b>1,411,225</b>
<b>Equity and Liabilities</b>				
	12/31/2017		12/31/2016	
	€	€	€	€
<b>FOUNDATION EQUITY (17)</b>				
General reserve	332,490			
Earmarked funds	900,000			
		1,232,490		1,162,294
<b>SHORT TERM LIABILITIES</b>				
Trade creditors	129,303		36,548	
Liabilities to group companies	-		-	
Other liabilities and accrued expenses	157,883		212,383	
		287,186		248,931
<b>Total equity and liabilities</b>		<b>1,519,676</b>		<b>1,411,225</b>



### Company abbreviated profit and loss account for 2017

	2017		2016	
	€	€	€	€
Income from participations in group and associated companies (18)	122,932		-9,328	
Company result after taxes	-52,735		-29,490	
<b>Net result after taxation</b>		<b>70,197</b>		<b>-38,818</b>

### Notes to the company balance sheet as at December 31, 2017

Assets / Fixed assets	12/31/2017	12/31/2016
	€	€
<b>16. FINANCIAL FIXED ASSETS</b>		
Participations in group companies	241,339	118,407

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

<b>PARTICIPATIONS IN GROUP COMPANIES</b>	
Energy Delta Institute B.V., Groningen (100%)	
Balance as at January 1, 2017	
Principal value	118,407
Share in result	122,932
<b>Balance as at December 31, 2017</b>	<b>241,339</b>
<b>Equity</b>	
	Reserve
	€
<b>17. FOUNDATION EQUITY</b>	
Balance as at January 1, 2017	1,162,294
Appropriation of result	70,197
<b>Balance as at December 31, 2017</b>	<b>1,232,491</b>

Notes to the company abbreviated profit and loss account for 2017

	2017	2016
	€	€
18. INCOME FROM PARTICIPATIONS IN GROUP AND ASSOCIATED COMPANIES		
Result of Energy Delta Institute B.V.	122,932	-9,328

Independent auditor’s report

To: the Board of Stichting Energy Delta institute

A. Report on the audit of the financial statements 2017

Our opinion

We have audited the financial statements 2017 of Stichting Energy Delta institute, based in Groningen. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion, the enclosed financial statements give a true and fair view of the financial position of Stichting Energy Delta institute as at 31 December 2017 and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1. the consolidated and company balance sheet as at 31 December 2017;
- 2. the consolidated and company profit and loss account for 2017; and
- 3. the notes comprising a summary of the applicable 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 Stichting Energy Delta institute in accordance with the Wet toezicht accountantsorganisaties (Wta), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations

in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

B. Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- the management board report
- the other information on page nr 35

Based on the procedures as mentioned below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material deficiencies;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the management board report and the other information on page nr 35 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

**Responsibilities of management and the Board for the financial statements**

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

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

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

**Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

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

Misstatements can arise from errors or fraud 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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists
- 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.

Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and the Board 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

Groningen, 7 May 2018

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

was signed W.M. Jacobs RA

## 4. ADDITIONAL INFORMATION

### PROFIT APPROPRIATION

The profit appropriation for 2017 can be found on page 17 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, 7 May 2018

The English version of this annual report is leading.

