

ANNUAL FINANCIAL REPORT 2019

ASSOCIATION

ROYAL TROPICAL INSTITUTE

KIT ANNUAL FINANCIAL REPORT 2019

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GENERAL

Introduction

The Association KIT Royal Tropical Institute (KIT) is an independent centre of expertise for sustainable development. We assist governments, NGOs, international organizations and private corporations around the world to build inclusive and sustainable societies, informing on best practices and measuring their impact. Guided by the Sustainable Development Goals (SDGs) of the United Nations, our work focuses on health care, gender, economic development and intercultural cooperation. Our campus in Amsterdam houses a training centre for students and professionals, and is the home of SDG House: a community of sustainability experts and social entrepreneurs with a membership of 50+ organisations. KIT owns and operates Amsterdam Tropen Hotel, De Tropen café and restaurant, and offers office and conference facilities in our heritage building, the revenues of which contribute to KIT's mission.

Governance and management

KIT has the statutory form of a an association ('vereniging'). The governing bodies of the association are the Council of Members, the Supervisory Board and the Management Board. The Council of Members monitors the overall activities of KIT, appoints Supervisory and Management Board members and approves budget and annual accounts. The Council consists of representatives of KIT's founding organizations and members elected by the KIT membership. The Supervisory Board supervises the Management Board; the Supervisory Board is also the Supervisory Board of Holding KIT BV.

The Management Board is accountable to the Supervisory Board. The Management Board consists of the CEO (also chairman of the Association KIT), who is responsible for management and the formulation of KIT policies. The managers of SEDG, Health and Real Estate report to the Management Board. The directors of the two fully owned subsidiaries of Holding KIT BV (KIT Intercultural Professionals BV and KIT Hotel BV) report to the Management Board of Holding KIT BV, who is also the Management Board of KIT association.

Organizational structure

KIT is a hybrid organization, which means that under one roof we operate not-for-profit "Knowledge Units" Health and Sustainable Economic Development & Gender as well as commercial activities in our "Business Units" KIT Hospitality, Intercultural Professionals (IP) and KIT Real Estate.

Knowledge Units

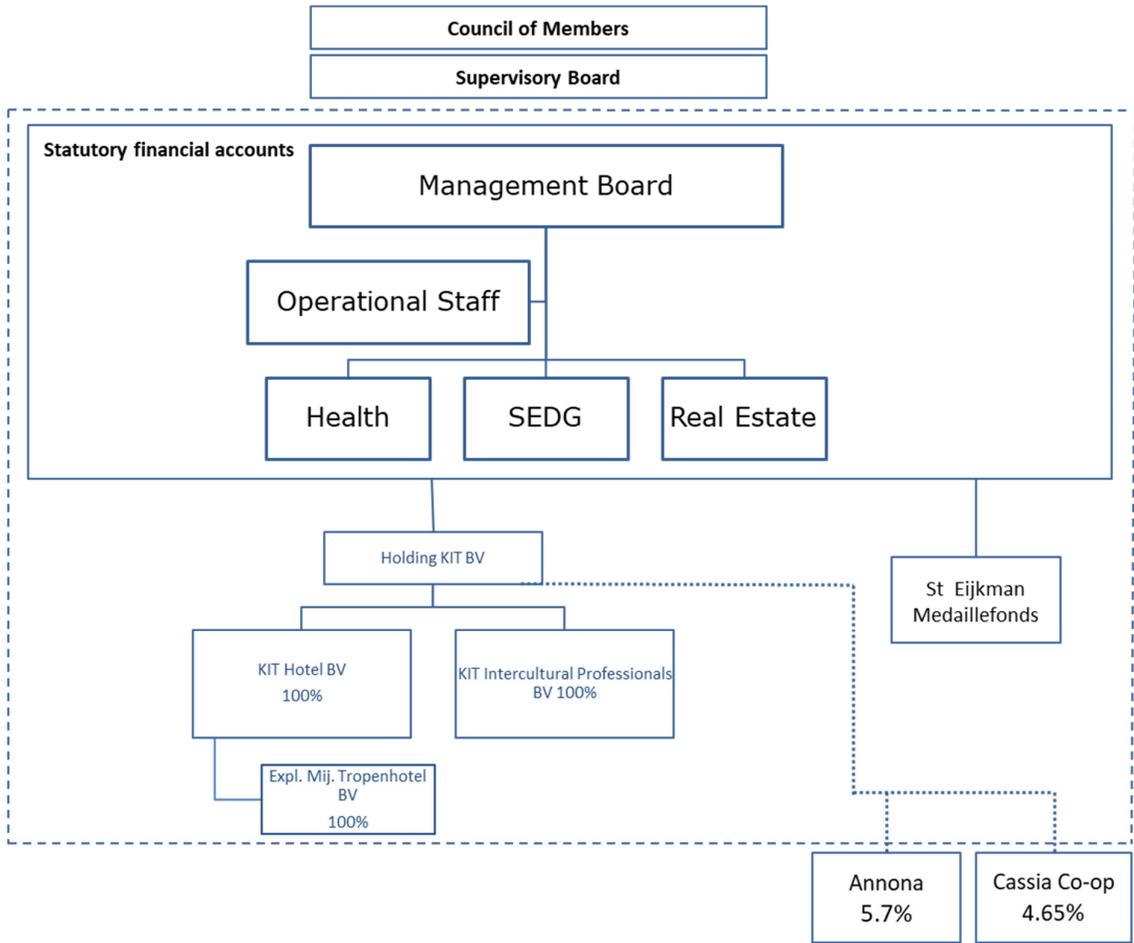
- KIT's Health unit works to improve national health systems and overall global health through advisory, research, knowledge management, health education and capacity strengthening services.
- KIT's Sustainable Economic Development & Gender unit generates new knowledge to advise public and private sector organizations to improve their development impact in the areas of agricultural innovation, gender and nutrition, food value chains, rural transformation, seed sector development, and gender and agriculture.

Business Units

- KIT Hospitality (KIT Hotel BV) exploits Amsterdam Tropen Hotel, the facilities at Mauritskade 63 for conferences, meetings and receptions, as well as café De Tropen. The staff of Hospitality is employed by Exploitatie Maatschappij Tropenhotel BV, a 100% subsidiary of KIT Hotel BV.
- KIT Intercultural Professionals BV provides intercultural training to individuals and teams, offering tailor-made approaches to optimize intercultural understanding and collaboration.
- KIT's Real Estate unit offers inspiring offices at a central location in an international work environment and hosts the "SDG House": an international hub for businesses and organizations engaged in sustainable development and intercultural cooperation.

KIT is the sole owner of Holding KIT BV, which was founded in 2006 to group commercial activities. It holds all of the shares in KIT Hotel BV and KIT Intercultural Professionals BV. It also holds 4.65% shares in Cassia Co-op and 5.7% of the shares in Annona Sustainable Investment Fund BV. As no significant influence is exercised on the minority participations, these companies have not been consolidated, but are considered financial fixed assets. KIT appoints the member of the board of Stichting Eijkman Medaillefonds which is consolidated into the accounts. The foundation aims to stimulate research in the field of tropical medicine.

The legal organizational structure of KIT as of 31st of December 2019 is shown in the overview below:



Legend

- Consolidated financial accounts
- Statutory Financial accounts
- Non-consolidated entities

SEDG Sustainable Economic Development & Gender

REPORT OF THE MANAGEMENT BOARD

Developments in 2019

In 2019, we managed to further position ourselves as an Applied Knowledge Institute on sustainable and inclusive development. Our Knowledge Units Health and Sustainable Economic Development & Gender focused on a number of knowledge themes and made co-investments in our knowledge work out of KIT's own Knowledge Innovation Fund (KIF). We pursued new markets to diversify KIT's client base, including the private sector. We strengthened the SDG House community and developed a business plan to transform the SDG House into a financially sustainable initiative. We further improved our ICT infrastructure and developed a Project Management Platform, Knowledge Output Library and a new intranet. We invested in sustainability of our buildings and continued our research on premises development scenarios in order to increase attractiveness of our campus.

Financial reflection

The year 2019 was the fourth consecutive year that KIT maintained its financial independence, free of government funding. Our normalized results in 2019 increased substantially compared to 2018 and the total of underlying businesses produced a positive cash result. Business Unit Intercultural Professionals performed below expectation in 2019, as it did in previous years. Our Knowledge Unit Health performed above target and SEDG performed in line with target after a difficult 2018. We are really happy with this extra ordinary turnaround. In both units, staff perceived high work pressure. By the end of 2019, we implemented a new organizational model for the Knowledge Units with eight teams that have greater autonomy. By working more with self-steering teams we expect to be able to steer on reaching financial targets better. And this new organisational model is expected to also alleviate work pressure for our advisors.

KIT's mission to build more equitable and sustainable societies was further supported by our Business Units Real Estate and Hospitality. Hospitality performed below budget in 2019, but still outperformed compared to previous years. This was driven in particular by conferences and events' growing revenue stream and the Amsterdam Tropen Hotel's strong occupancy. The results of the hotel are under pressure though due to lower room rates because of increased competition. Part of the result from Hospitality flowed directly into the KIT Knowledge Investment Fund – aimed at contributing to knowledge generation and the profiling of our knowledge - and in turn supported the work of our gender, health and sustainable economic development knowledge work. Also the Real Estate Unit delivered a stable financial performance in 2019, meanwhile improving our reputation as a hub for sustainable development. Our building continued 97% occupancy with only a few spaces left to rent out after they are being renovated. The SDG House also contributed to this profile by bringing together a community of sustainability experts, entrepreneurs, policy makers and NGOs housed on KIT's premises.

By the end of 2019 the equity of KIT Intercultural Professionals was negative. The outstanding amounts on KIT IP that the KIT association accrued on her balance sheet were restructured. By doing so the equity of KIT IP increased with 1.317k and the outstanding amounts to receive and loans on the KIT balance sheet decreased for the same amount.

Goals for 2020

- In 2020, we will continue positioning our Knowledge Units on sustainable and inclusive development, mainly in low- and medium income countries. Priority clients and segments are now identified and value propositions developed in order to respond on new growing market opportunities, increase revenue and profile KIT as thought leader in the identified priority sectors. SEDG and Health will work towards a positive result through a well-balanced division of work (billability), good pricing (fees) and efficient project management (positive project results).
- We will continue with the development of a financially self-sustaining model for the SDG House which provides an enabling environment for organizations from all sectors to flourish in their areas of expertise and contribute to the realization of the SDG's in the Netherlands. This will lead to more visibility, increased demand for our knowledge services, and more SDG related events –and revenue for KIT Hospitality.
- We will continue with our premises development trajectory towards a more sustainable and attractive KIT campus. This includes our plans for the renovation of our hotel and a whole new hotelbuilding. We will strategically link the development of our building to our positioning as the SDG House and KIT as Applied Knowledge Institute on sustainable and inclusive development, taking into account increased revenue and improved use and value of our

buildings. We will invest in the sustainability of KIT's premises and operations, focusing on energy, water, and waste.

- A new strategy for the coming years will be developed in 2020

Risk and strategy 2020 and beyond

- We continue our aim to expand the customer base of Health and SEDG to manage the impact of changing government policies;
- We focus stronger on a number of development knowledge themes and co-investments in knowledge work funded by KIT's own Knowledge Innovation Fund (KIF), which in turn is funded by KIT's positive results and gifts.
- We will further invest in KIT's premises to make the building more attractive in order to increase rents. Further investments in the building will take place in order to strengthen the sustainable image of KIT. The building will be branded as the SDG house. KIT aims to further strengthen its image as the center in Amsterdam for sustainable businesses focusing on lower and middle income countries.
- An important element of KIT's overall strategy is the 'one KIT concept'. This entails the objectives alignment of all KIT units, Health, SEDG, Real Estate, KIT IP, and KIT Hospitality, to achieve the statutory objective of KIT.
- As in 2019, we continue with a development plan for the entire site of KIT. We anticipated to reach a decision in 2019, but due to delay we hope to reach a decision in 2020 now.
- KIT has an insurance regarding the turnover in case of calamities. Currency risks however are not hedged. For larger contracts we investigate per case if hedging is a possibility to insure against this risk in an economic feasible way. The risk tolerance is low in this case. KIT will hedge it's currency position when this is possible in a financially sound way. A loss in turnover due to the Corona virus is not insured for neither the Knowledge Unit, IP nor the Hospitality activities.
- A few risk possibilities were explored to define our need for cash in case of abnormalities. The risk tolerance is middle since it is a challenge to anticipate on abnormalities. KIT is in a process to change banks. Part of the change will include a temporary credit facility to further strengthen the continuity of day to day operation in case of abnormalities happening.
- KIT identifies risks at an organizational level. This risk assignment is done every few years. Special attention is spent on our IT security by external assessments. We assess risks at a project level. Partner and client assessments do take place, financial, political and other risks regarding the projects are being addressed and mitigating measures are put in place, where possible. KIT also addresses risks at a personal level. Security and safety is of utmost importance considering the high-risk, conflict-sensitive and fragile areas we work in. Travel of staff is monitored and a safety and security panel is in place 24/7. KIT also addresses risks at privacy level. GDPR is implemented throughout the organization and data privacy policy is in place and monitored closely.

Corona/COVID-19

The Corona crisis which started in March 2020 has serious financial impact on KIT. All KIT Hospitality and KIT IP activities have come to a standstill. For the knowledge unit, work will continue but if the crisis prolongs the amount of work of the advisors will reduce. Also KIT Real Estate will be affected. As the situation is not stable yet it is difficult to quantify the impact on the financial results. This can have implications for our cash reserves. KIT has substantially curtailed investments and reduced costs where possible. If the crisis last longer we may have to take additional measures. For now KIT has applied for the emergency subsidy scheme set up by the Dutch government ("NOW" subsidy). KIT Hospitality has applied for the "TOGS" subsidy. For our education department it is unclear yet of students can travel and classes for the school year 2020-2021 can take place apart from online.

CONSOLIDATED NET RESULTS 2019

(amounts in € thousands)

The Financial Statements 2019 relate to all activities of the Vereniging Koninklijk Instituut voor de Tropen/KIT Association Royal Tropical Institute, Holding KIT BV (including KIT Hotel BV Exploitatiemaatschappij Tropenhotel BV, KIT Intercultural Professionals BV (KIT IP) and Stichting Eijkman Medaillefonds.

In 2019 KIT realized a positive result of € 2.131¹ compared to € 225 in 2018. The

¹ amounts x € thousands
KIT Annual Financial Report 2019

- o Release of provision of projects € 836
- o Higher result for Real Estate due to less depreciation;
- o Positive result of KIT SEDG of € 10 (2018: minus € 821);

The normalized result increased in 2019. This is mainly caused by release of the provision of the project Afghanistan. The table below shows the normalized result.

	2019	2018
Consolidated result	2.131	225
Extra depreciation fixed assets		375
Release/dotation provision	(836)	(825)
Normalized result	1.295	(225)

The results of the individual departments of both KIT and Holding KIT BV are summarized in the table below. Together they constitute the net result in the consolidated financial statements of KIT.

(amounts x €1.000)	2019	2018
Health	302	(57)
SED & Gender (SEDG)	10	(821)
Real Estate	952	538
Result for line departments	1.264	(340)
Result for staff departments	80	(107)
Total result departments (before dotation)	1.344	(451)
Release/Dotation Provisions	836	825
Result Royal Tropical Institute	2.180	378
KIT Hotel BV	3	146
KIT IP BV	(298)	(142)
Holding KIT BV	246	(156)
Result, Holding KIT BV Consolidated	(49)	(152)
Consolidated result	2.131	225

The operational result of KIT Holding B.V. in 2019 is in line with 2018. In the result of 246 an amount of 193 is caused by a revaluation of our stake in Annona. Also a correction for activated deferred income tax was made. This caused a positive result of 130 in KIT Holding and a negative result at KIT IP BV of 35 and KIT Hospitality of 95.



Mazars Accountants N.V.

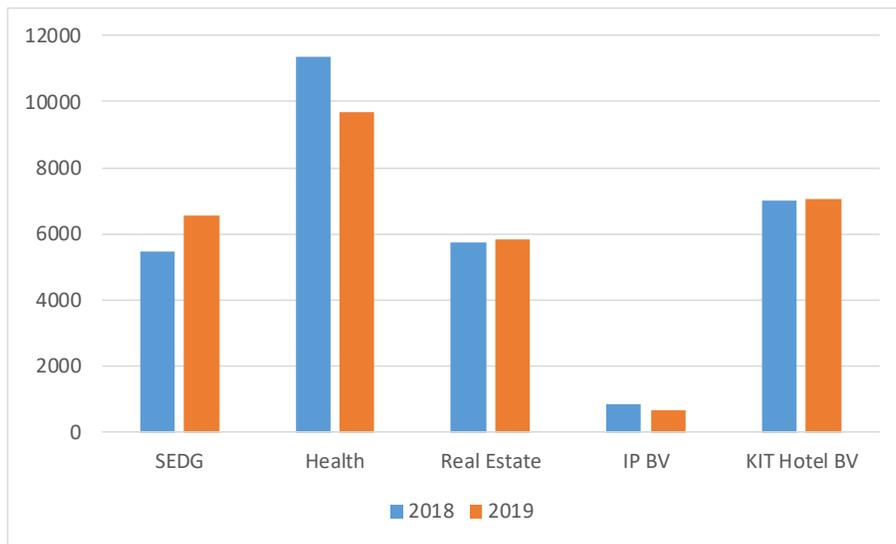
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CONSOLIDATED REVENUES 2019

The graph below shows total revenues² per KIT department compared to 2018.



² amounts x € thousands

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

ASSETS		31-12-2019	31-12-2018
	Notes		
Fixed Assets			
<i>Tangible fixed assets</i>			
	1		
Buildings		17.318	18.408
Equipment		2.740	2.578
Office equipment		678	538
Computer hardware		159	189
Other tangible fixed assets		352	416
Total: Tangible fixed assets		21.246	22.129
<i>Intangible fixed assets</i>			
	2		
Software		213	194
Total: Intangible fixed assets		213	194
<i>Financial fixed assets</i>			
	3		
Other participating interests		948	834
	4		
Long term loan		1.769	1.850
	5		
Deferred tax assets		-	-
Total: Financial fixed assets		2.717	2.684
Current Assets			
<i>Stocks</i>			
	6		
Finished products		44	38
Total: Stocks		44	38
<i>Project amounts to be received</i>			
	7		
Time & expenses related to projects		2.964	3.751
Total: Project amounts to be received		2.964	3.751
<i>Receivables</i>			
	9		
Debtors		3.200	2.932
Advance payments and accrued income		119	792
Total: Receivables		3.319	3.724
<i>Cash and cash equivalents</i>			
	10		
Banks		7.366	3.067
Cash		19	25
Deposits		7.337	7.335
Total: Cash		14.721	10.427
Total Assets		45.224	42.947

(Before Appropriation of Results)
(amounts in € thousands)

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

	Notes	31-12-2019	31-12-2018
Equity and Liabilities			
Equity			
	11		
General reserve		28.472	28.247
Appropriated reserves association		316	316
Appropriated funds		34	34
Unappropriated result		2.131	225
Total: Equity		30.954	28.823
Provisions			
	12		
Provision for redundancy payments		1.517	1.818
Provision Projects		242	1.481
Provision for Jubilee payments		137	129
Total: Provisions		1.896	3.428
Current liabilities			
	13		
Creditors		1.550	1.866
Taxation and social security contributions		620	406
Pension liabilities		140	161
Advance receivables and accrued expenses		10.063	8.263
Total: Current liabilities		12.374	10.697
Total Equity and Liabilities		45.224	42.947

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT 2019

(Before Appropriation of Results)
(amounts in € thousands)

INCOME AND EXPENDITURE		2019	2018
Income	Notes		
Consultancy revenue	15	13.339	13.502
Training revenue		3.328	3.889
Hospitality revenue	16	7.070	7.016
Real Estate		4.400	4.296
Other income	17	62	900
Total operating income		28.199	29.603
Raw materials and other external costs		1.313	1.167
Subcontracted Work and other external costs	18	10.227	12.670
Wages and salaries	19	8.893	8.991
Social Security contributions		1.416	1.375
Pension expenses		1.248	1.181
Depreciation		2.037	2.496
Other Operating expenses	20	1.288	1.518
Total operating expenses		26.422	29.397
Operating result		1.777	206
Share in the result of non-consolidated participations		197	(55)
Interest and other comparable income		210	201
Interest expenses and other comparable expenses		(53)	(127)
Financial gains and (losses)		354	74
Result on ordinary activities before tax		2.131	280
Taxation on result from ordinary activities	21	-	-
Result after taxes		2.131	280
Result minority holdings		-	-
Net result after tax		2.131	225
Allocation to General Reserve		2.131	255
Allocation to Appropriated Reserve		-	(30)
Allocation to Appropriated Reserve foundation		-	-
Net Result after allocation to/from Appropriated Funds / Reserves		2.131	225



MAZARS

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CONSOLIDATED CASH FLOW STATEMENT 2019

(amounts in € thousands)

The cash flow statement is prepared using the indirect method and distinguishes between operating, investing and financing activities. Payments and receipts of income taxes are included as cash flow from operating activities. Cash flows resulting from acquisitions or divestments of financial interests in group companies and subsidiaries are included as cash flow from investing activities, taking into account the available cash and cash equivalents in these interests.

	2019	2018
Cash Flow from Operating Activities		
Operating result	1.777	206
<i>Elimination of Non-cash Items</i>		
Depreciation / Amortization	2.037	2.497
Impairment	-	-
Addition / (Release) Provisions	(836)	(825)
Total	1.201	1.672
<i>Changes in Working Capital</i>		
Decrease / (increase) Debtors & WIP	1.191	(1.875)
Decrease / (increase) Stocks	(6)	(9)
Increase / (decrease) Current liabilities	1.677	438
Total	2.862	(1.447)
Utilization provisions	(696)	(548)
Interest (and other comparable income) received	210	201
Interest (and other comp. expenses) paid	(53)	(127)
Taxes	-	-
Transfer / Utilization Appropriated reserves	-	-
Total	(538)	(474)
Cash Flow from Operating Activities	5.302	(42)
Investments in fixed assets	(1.176)	(3.035)
Cash flow from Investment Activities	(1.176)	(3.035)
Investment in Financial fixed assets	168	210
Cash flow from Finance Activities	168	210
Change in cash and cash equivalents	4.294	(2.868)

CONSOLIDATED ACCOUNTING PRINCIPLES 2019

Consolidation

The Consolidated Annual Accounts include the financial results, assets and liabilities of the association Royal Tropical Institute, as well as the results of its subsidiaries Holding KIT BV (registration number at the Chamber of Commerce 34250386) (including a 100% participation in KIT Hotel BV (registration number at the Chamber of Commerce 33287573) , Exploitatie Maatschappij TROPHOTEL BV (registration number at the Chamber of Commerce 32059912), and KIT Intercultural Professionals BV (registration number at the Chamber of Commerce 34306066)) and Stichting Eijkman Medaillefonds (registration number at the Chamber of Commerce 41199627).

KIT's subsidiaries are those entities over which KIT directly or indirectly exercises effective control. Effective control means that KIT controls, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of these subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial figures of subsidiaries are recognized for 100% in the consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by KIT. All intercompany transactions, balances, income and expenses are eliminated on consolidation, including unrealized gains on transactions.

Accounting principles

This annual report has been prepared in accordance with the Netherlands Civil Code, Book 2 Title 9. All amounts are stated in €*1,000, unless stated otherwise. The balance shown on the Income and Expenditure Account is defined as the difference between revenues and expenses in the year under review, taking into account the accounting principles. Unless otherwise indicated, assets and liabilities are carried at their nominal value.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at acquisition date.

Receivables, liabilities and obligations denominated in foreign currencies are translated at the exchange rate prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rate prevailing at the transaction date. The exchange differences resulting from the translation at the balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Estimates

When preparing the financial statements, the directors, 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.

Principles of valuation of assets and liabilities

(In)Tangible fixed assets

(In)Tangible fixed assets are valued at cost minus straight-line depreciation based on the estimated useful life or at lower market value.

The depreciation starts when tangible fixed assets are put in use. Periodical major maintenance is capitalised in accordance with the components approach, when expenditure incurred is allocated to the component parts.

(In)tangible fixed assets are capitalised if the economic ownership held by the company, and its group companies, is governed by a finance lease. The commitment arising from the finance lease is accounted for as a liability. The interest included in future lease instalments is charged to the profit and loss account over the term of the finance lease.

The useful life of the different components is estimated as follows:

Category	Subcategory	Years
Buildings (and renovations)	Depot	50
	Construction building	40
	Construction new	30
	Revaluation renovation	20
	Renovation building	10
	Conversion and carpeting	10
	Renovation garden	3
	Paintwork	3
	Machinery & equipment	Revaluation equipment
technical Equipment		10
Lighting, blinds, etc		5
Hardware & software	hardware	3
	software	3
Fixtures & fittings	Fixtures & fittings:	10
Other tangible fixed assets	Other	10
	Exhibition material	5
	Exhibition audiovisual	3

Financial fixed assets

Participating interests are valued at net asset value, unless specific circumstances require valuation at cost or lower market value. Where significant influence is exercised, investments in non-consolidated entities group companies are valued using the net asset value method where the value is greater than zero. This net asset value is calculated using the same accounting policies as used by KIT. A non-distributable reserve is maintained for recognized provisions of associates or subsidiaries when the company is not free to dispose the associate or subsidiary to distribute those provisions

Investments in subsidiaries with negative equity are valued at nil. If the company fully or partly guarantees the liabilities of these subsidiaries a provision is set up, primarily comprising of the receivables from this investment. A provision is created for the remainder, either being the share in the losses incurred by the investment, or the amount of payments the company is obliged to make on behalf of these investments. Investments where no significant influence is exercised, are valued at costs net of impairments, if applicable.

Deferred tax assets are valued at nominal value. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. No deferred tax assets have been accrued for.

Stocks

Stocks are valued at the lower of costs and net realizable value.

CONSOLIDATED ACCOUNTING PRINCIPLES 2019

Project amounts to be received

KIT engages in service projects based on contracts with customers. If the outcome of a contract can be estimated reliably, project revenue and cost are accounted for in the income statement based on the progress of work performed. The stage of completion is measured by reference to the project cost incurred as a percentage of the expected total project cost. Revenues on projects not yet completed on the balance sheet date are presented in the income statement as change in project amounts to be received. If the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of the project costs incurred that are likely to be recoverable. Project costs consist of all cost which are directly related to the project and the allocated indirect cost based on the normal capacity. If it is probable that the total contract cost is higher than the total contract revenue, the total expected loss is recognised as an expense.

Projects are presented in the balance sheet as receivables from or payables to customers on behalf of the contract on a collective basis. If the collective cumulative recognised revenues exceed the invoiced instalments and incurred losses, the net amount will be presented as a receivable. If the invoiced instalments and incurred losses exceed the collective cumulative recognised revenues, the net amount will be presented as a liability.

Debtors

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 and cash equivalents

Cash and cash equivalents are carried at fair value. Unless stated otherwise, they are freely available.

Provisions

Provisions must be made for specific risks and liabilities on the balance sheet date and of which the extent is uncertain but reasonably to estimate.

A provision for redundancy payments was created as a result of the obligation to pay monthly redundancy compensation to inactive personnel. The provision also includes the expected redundancy payments after 2018 for former employees who left KIT, because of the obligation of KIT to bear the costs of such redundancy payments.

Employees who have been working for KIT for 12½, 25 or 40 years receive a jubilee payment. A provision is set up for these payments to cover the estimated expenses for these jubilee payments.

Short-term liabilities

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

Pension Liabilities

The KIT pension plan for the staff of the association and IP staff is based on average earnings. This pension plan is administrated by ABP, a multi-employer long-term employee benefit fund. The pension plan for the staff of KIT Hotel BV is based on average earnings, This pension plan is administrated by pensioenfond Horeca & Catering, a multi-employer long-term employee benefit fund. The pension premiums due over the year are recognized as costs. An accrual is set up for pension premiums due over the year which are not paid yet per balance sheet date. Because this is a short term liability this is recognized at nominal value. The risks, amongst others, of wage increases, price indexation and return on investments of the pension fund may result in future changes in the annual contributions to the pension fund. These risks are not recognized as a provision. When the multi-employer long-term employee benefit fund has a deficit, KIT has no obligations for deficits other than higher future pension premiums. According to information received from ABP, the fund has a covering rate for the obligations of 97,8% (2018: 97,0%) at the end of the year. According to information presented on the website of pensioenfond Horeca & Catering, the fund has a covering rate for the obligations of 109% (2018: 106%) at the end of the year.

CONSOLIDATED ACCOUNTING PRINCIPLES 2019

Accounting Principles of income and expenditures

Income and expenditure are allocated to the period under review during which products and services were supplied or costs and other expenses incurred. Losses are recognized as soon as they can be foreseen.

Net turnover

KIT recognizes income (excluding VAT and similar taxes), net of discounts, for rendered services and sold products when the amount of income can be reliably measured, it is probable that future economic benefits will flow to KIT and specific criteria have been met for each of the activities as described below. Income is not recognized if there are significant uncertainties about the probability that the costs incurred will be recovered.

- Services; the income from services is recognized if:
 - a. the income can be reliably assigned to a period
 - b. it is probable that KIT will gain the future economic benefits
- Products; the income from products is recognized if the goods have been delivered as at the year-end date.

Income from fixed-price projects is recognized in accordance with the stage of completion of a project as a proportion of the total project (percentage of completion (POC) method), where the services provided up until the year-end date can be reliably measured and the costs incurred for the project and the costs required to complete the project can be reliably estimated. Under the Percentage of Completion method, income is recognized based on the costs incurred to date as a percentage of the total estimated costs to meet the contractual obligations.

Depreciation

Depreciation expense on tangible fixed assets is calculated as a fixed percentage of the cost net of residual value, based on the expected economic useful life of the asset.

Financial gains and losses

Financial gains and losses are the earned and/or incurred interest from/to third parties and group companies.

Share in result of non-consolidated participations

The share in the result of non-consolidated participations where significant influence is exercised over investments is included in the consolidated profit and loss account. This result is determined on the basis of the accounting policies applied by KIT. Where no significant influence is exercised, dividend income is shown in the profit and loss as financial income.

Income tax

On the result from ordinary activities corporation tax is calculated at the applicable rate 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 OF 31 DECEMBER 2019

(amounts in € thousands)

ASSETS

1. Fixed Assets

Tangible fixed assets

The buildings are situated on a plot that was leased at 1 guilder a year in perpetuity from the City of Amsterdam in 1911. The insured value of buildings, machinery, equipment, hardware, fixtures and fittings and other fixed assets amounts to € 173,680 (2018: € 173,680) with a maximum payment of € 75,000. Purchases consist mainly of renovation of offices of Mauritskade.

	Total	Buildings	Equipment	Office equipment	Computer hardware	Other tangible fixed assets	
Net book value as of 1 January 2019	22.129	18.408	2.578	538	189	416	-
Investments 2019	1.046	157	573	222	94	-	-
Disposal 2019	-	-	-	-	-	-	-
Depreciation 2019	1.926	1.247	411	82	121	65	-
Net book value as of 31 December 2019	21.246	17.318	2.740	678	159	352	-
Cost	78.600	44.896	13.346	5.347	4.903	10.108	-
Cumulative Depreciation and impairments	57.354	27.578	10.606	4.669	4.744	9.757	-
Net book value as of 31 December 2019	21.246	17.318	2.740	678	159	352	-

2. Intangible fixed assets

	Total
Net book value as of 1 January 2019	194
Investments 2019	130
Disposal 2019	-
Depreciation 2019	111
Net book value as of 31 December 2019	213
Cost	2.426
Accumulated depreciation and impairment	2.213
Net book value as of 31 December 2019	213

3. Financial fixed assets

Other Participating Interests

	Total	Annona (5.7%)	Cassia Co-op (4.65%)
Balance as of 1 January 2019	834	737	97
Disinvestment	(80)	(80)	-
Investment	-	-	-
Result	193	193	-
Balance as of 31 December 2019	947	851	97

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

(amounts in € thousands)

Holding KIT BV holds a minority interest of 5.7% in Annona Sustainable Investment Fund BV ("Annona"), a Dutch entity. Annona is an investment fund with the objective of reducing poverty by acquiring participating interests in agricultural companies based in Africa and Latin America that produce a positive social and economic impact.

The (non-audited) Net Asset Value of Annona on 31 December 2019 is € 850. Per balance sheet date Holding KIT BV has a remaining commitment to invest € 31 upon demand of Annona to fulfil its total obligation to participate for a total amount of € 1,000.

KIT Holding BV obtains a 4.65% share in PT Cassia Co-op. PT Cassia-Co-op is an Indonesian company that has the aim to invest in sustainable cassia production. PT Cassia Co-op's factory is based in Sungai Pehnu in Kerinci region (central Sumatra) and was established in 2011.

4. Long term loan

Holding KIT BV lent € 2,025 to Linneausstraat C.V. for the development of residential units in KIT's building Linneausstraat 35F. KIT agreed to finance approximately 50% of the development costs against security of the rent receivables and the building inventory. Linneausstraat C.V. pays of the loan in monthly instalments. As of the end of 2019 the remaining amount is € 1,769.

5. Deferred tax asset

Given the uncertainties regarding the profit development of the entities of the Holding due to the COVID-19 virus, it is decided not to activate the deferred tax asset regarding the income tax. The estimated fiscal result before income tax is € 137 negative for 2019. The effective income tax rate is 0% and applicable income tax rate in 2018 is 19%

6. Stocks

	31-12-2019	31-12-2018
KIT Hotel BV	44	38
Stichting Eijkman Medaillefonds	-	-
Balance as of 31 December	44	38

7. Project amounts to be received

	31-12-2019	31-12-2018
Project amounts to be received	5.155	3.982
Payments in Advance	(2.191)	(231)
Balance as of 31 December	2.964	3.751

8. Debtors

	31-12-2019	31-12-2018
Debtors	3.309	3.057
Provision for doubtful debtors	(109)	(125)
Balance as of 31 December	3.200	2.932

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

9. Advance payments and accrued income

	31-12-2019	31-12-2018
Advance payments related to projects	-	639
Advance payments related to personnel	-	3
<u>Other accrued income</u>	<u>119</u>	<u>149</u>
Balance as of 31 December	119	792

(amounts in € thousands)

10. Cash and cash equivalents

The major effects which led to an increase of cash & cash equivalents are less investments in the buildings and an advance received for one the projects of 1.800.

EQUITY AND LIABILITIES

11. Equity

General reserve

This reserve acts as a capital buffer. The net result of the Income and Expenditure Account is credited or charged to this reserve. The changes in the general reserve are as follows:

	2019	2018
General Reserve as of 1 January	28.473	27.833
Addition Extra Reserve to General Reserve	-	385
Addition Appropriated Reserve to General Reserve	-	30
<u>Addition to General Reserve</u>	<u>2.131</u>	<u>225</u>
Balance as of 31 December	30.604	28.473

Appropriated reserves association

	Total	ICT4Health
Balance as of 1 January 2019	316	316
Addition	-	-
Release to General Reserve	-	-
<u>Release</u>	<u>-</u>	<u>-</u>
Balance as of 31 December 2019	316	316

Appropriated funds

The balance of the Legacy Fund is € 34.

Appropriated reserves Foundations Stichting Eijkman Medaillefonds

According to Directive 640 on reporting for non-profit organizations, the equity of foundations cannot be included in the statutory accounts because foundations do not have shareholders. KIT manages the Stichting Eijkman Medaillefonds (a foundation), therefore the assets and liabilities and the income and expenses of this foundation are fully included in consolidated financial statements.

Unappropriated result

The unappropriated result includes -/- € 0 result of the aforementioned foundation. This result is not included in the statutory financial statements of the institute.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019
(amounts in € thousands)

12. Provisions

	Total provisions	Provision redundancy payments	Provision projects	Provision jubilee payments
Balance as of 1 January 2019	3.428	1.818	1.481	129
Additions	250	-	242	8
Release	(1.086)	-	(1.086)	-
Subtotal	2.592	1.818	637	137
Utilization	(696)	(301)	(395)	-
Balance as of 31 December 2019	1.896	1.517	242	137

The amount expected to be utilized within one year after balance sheet date for the provision redundancy payments is of € 394.

Employees who have been working for KIT for 12½, 25 or 40 years receive a jubilee payment. A provision is set up for these payments to cover the estimated expenses for these jubilee payments.

An amount of 1.481k has been provided for the Afghanistan project in 2018 because of an expected loss which hadn't materialised as per balance date. This amount was a reclassification from current liabilities.

In 2019 836k of this provision was released.

13. Current liabilities

Creditors

	31-12-2019	31-12-2018
Creditors of the Association Royal Tropical Institute	1.478	1.806
Intercultural Professionals BV	72	1
Creditors Hotel BV	-	59
Balance as of 31 December	1.550	1.866

Amounts received in advance and accrued expenses

	31-12-2019	31-12-2018
Payments received in advance Projects	7.232	5.204
Invoiced Rent in advance	1.122	1.057
Other advance receivables and accrued expenses	1.147	1.322
Accrual for vacation days	562	680
Balance as of 31 December	10.063	8.263

Payments received in advance project do fluctuate on a yearly basis due to the kind of projects as per balance date.

The payments in advance for projects are offset with the related project amounts to be received:

	31-12-2019	31-12-2018
Project amounts to be received	(2.160)	(4.366)
Payments received in advance	7.561	9.570
Payment in advance project Sharenet	1.831	-
Balance as of 31 December	7.232	5.204

The payments received in advance do fluctuate on a yearly basis. The advances depend highly on the kind and scale of projects.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

(amounts in € thousands)

14. Guarantees and obligations not shown in the balance sheet

Obligations not shown in the balance sheet relate to contracts. The remaining obligation amounts to € 1.310 and is subdivided as follows:

	31-12-2019	31-12-2018
Less than one year	572	1.302
One to five years	738	917
<u>More than five years</u>	<u>-</u>	<u>-</u>
	1.310	2.219

This concerns the contract with MAS, several suppliers of KIT Hotel BV and the remaining commitment for the Annona investment. KIT outsourced the operational maintenance of its buildings to Kuijpers.

Events after the balance date:

For events after the balance date, we refer to page 29 of this financial annual account.

Proposed appropriation of the result for the financial year 2019:

The Board of Directors will submit the result for the 2019 year as follows: Allocation to general reserve: € 2.131

This proposal has already been incorporated in the financial statements.

NOTES TO THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT 2019

(amounts in € thousands)

General

The accounting policies and the principles for the determination of the results are identical to those set out in the notes to the consolidated annual accounts. Balances are disclosed if they differ from the consolidated financial accounts.

15. Consultancy Revenue

The consultancy revenue is almost the same as last year due to decrease of staff members mainly by SEDG and therefore less revenue by SEDG.

16. Hospitality revenue

The revenue of Hospitality showed a steady growth due to steady rates for hotel rooms and more meeting and events during 2019.

17. Other Revenue

The Other revenue in 2018 is mainly the release of provision. Other revenue of 2019 is mostly invoiced costs.

18. The Subcontracted Work and other external costs

The Subcontracted Work and other external costs:

	2019	2018
Costs of temporary staff and subcontractors	5.711	5.874
Expenses travel, missions and projects	1.635	3.834
Housing and maintenance expenses	1.929	1.999
Furniture and inventory expenses	99	83
Energy expenses	547	469
Other operating expenses	305	411
Total	10.227	12.670

A large part of the activities of the projects is executed by subcontractors, this is the main reason for that the cost of temporary staff and subcontractors are the same level as last year. The expenses for travel, missions and projects always fluctuate between years since they highly depend on the nature of projects executed. The projects costs are this year substantial lower due to the release of project provision.

19. Salaries & Wages

The number of employees on 31 December 2019 was 174 (2018: 203) In full time equivalents the average number for 2019 is 152 (2018: 169).

FTE's per department

	2019	2018
Health	41	41
SED & Gender	30	33
Real Estate	10	8
IP	6	6
Hospitality	31	45
Staff	34	36
Total	152	169



M A Z A R S

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NOTES TO THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT 2019
(amounts in € thousands)

20. Other Operating expenses

	2019	2018
Office expenses	422	392
Consulting expenses	545	434
Catering expenses	2	10
Public relations	175	260
Banking costs	123	71
Other costs	21	351
Total	1.288	1.518

In 2019 the focus was reducing the costs as much as possible. In the other costs of 2018 contains also an transition amount for personnel who left KIT.

Audit fees of the accounting network

The audit fees are part of the consulting expenses. The audit and other accounting fees of the accounting organization providing the audit opinion of the annual accounts are specified as follows:

	2019	2018
Audit annual account	61	54
Other audit assignments	50	119
Other non-audit services	-	-
Total	111	173

The other audit assignments concerns project audits requested by clients.

21. Income Tax

The corporate income tax is based on the net result before taxation adjusted for exempted sources of income, non-deductible expenses and fiscal allowances.

STATUTORY FINANCIAL STATEMENTS

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

(Before Appropriation of Results)

(amounts in € thousands)

ASSETS		31-12-2019	31-12-2018
Fixed Assets			
<i>Tangible fixed assets</i>	1		
Buildings		16.647	17.629
Equipment		2.622	2.411
Office equipment		397	344
Computer hardware		139	172
Other tangible fixed assets		315	374
Total: Tangible fixed assets		20.121	20.930
<i>Intangible fixed assets</i>			
Software		209	181
Total: Intangible fixed assets		209	181
<i>Financial fixed assets</i>	2		
Participations in group entities		73	(1.196)
Receivables from group entities (long term)		3.450	4.115
Other financial fixed assets		-	-
Total: Financial fixed assets		3.523	2.919
Current Assets			
<i>Stocks</i>			
Finished products		-	-
Total: Stocks		-	-
<i>Project amounts to be received</i>			
Time & expenses related to projects		2.964	3.751
Total: Project amounts to be received		2.964	3.751
<i>Receivables</i>	3		
Debtors		2.410	1.555
Receivables group entities		1.482	1.700
Receivables other participating interests		-	-
Advance payments and accrued income		78	767
Total: Receivables		3.970	4.022
<i>Cash and cash equivalents</i>			
Banks		6.351	2.622
Cash		13	15
Deposits		7.042	7.041
Total: Cash and cash equivalents		13.406	9.677
TOTAL ASSETS		44.194	41.480



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UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

(Before Appropriation of Results)
(amounts in € thousands)

EQUITY & LIABILITIES		31-12-2019	31-12-2018
Equity	4		
General reserve		28.423	28.217
Appropriate reserves association		316	316
Reserve inheritance		34	34
Unappropriate result		2.180	255
	Total: Equity	30.954	28.822
Provisions			
Provision for redundancy payments		1.518	1.818
Provision Projects		242	1.481
Provision for jubilee payments		137	129
	Total: Provisions	1.897	3.428
Current Liabilities	5		
<i>Accounts payables</i>			
Creditors		936	1.101
Payables to group entities		72	91
Payable to other participating interest		-	-
Taxation and social security contributions		556	410
Pension liabilities		116	116
Other liabilities		-	-
Advance receivables and accrued expenses		9.662	7.512
	Total: Current liabilities	11.343	9.230
TOTAL LIABILITIES		44.194	41.480

UNCONSOLIDATED INCOME AND EXPENDITURE ACCOUNT 2019

(amounts in € thousands)

	2019	2018
Result of participation in Holding KIT BV	(49)	(156)
<u>Operating result Association KIT</u>	<u>2.180</u>	<u>381</u>
Net result after taxes	2.131	225
Allocation to general Reserve	2.131	255
<u>Allocation to Appropriated Reserve</u>	<u>-</u>	<u>(30)</u>
Net Result after allocation to/from Appriated Funds and Reserves	2.131	225

NOTES TO THE UNCONSOLIDATED BALANCE SHEET AND THE INCOME AND EXPENDITURE ACCOUNT 2019

General

The accounting policies and the principles for the determination of the results are identical to those set out in the notes to the consolidated annual accounts. Balances are disclosed if they differ from the consolidated financial accounts. The presentation format of the P&L has been based on article 402, BW2 title 9.

(amounts in € thousands)

ASSETS

1. Tangible fixed assets

	Total	Buildings	Equipment	Office equipment	Computer hardware	Other tangible fixed assets
Net book value as of 1 January 2019	20.930	17.629	2.411	344	172	374
Investments 2019	908	148	571	108	81	-
Disposal 2019						
Depreciation 2019	1.717	1.130	359	55	113	59
Net book value as of 31 December 2019	20.121	16.647	2.622	397	139	315
Cost	71.575	41.960	11.744	3.076	4.753	10.043
Cumulative Depreciation and impairments	51.455	25.313	9.121	2.680	4.613	9.728
Net book value as of 31 December 2019	20.121	16.647	2.622	397	139	315

2. Financial fixed assets

Participations in group entities

	Holding KIT BV
Balance as of 1 January 2019	(1.196)
Operational results 2019	(49)
Restructuring/increase equity KIT IP	1.317
Balance as of 31 December 2019	73

Loans to Group Companies

	31-12-2019	31-12-2018
Holding KIT BV	3.450	3.450
Kit Intercultural Professionals	-	665
Balance as of 31 December	3.450	4.115

The 100% participating interest in Holding KIT BV is valued at net asset value (NAV). The result of the participation in Holding KIT BV corresponds to the result in the annual accounts of Holding KIT BV. The loan to IP has been waived, as per the end of 2019, since it is unlikely to be paid back.

3. Receivables

Debtors

	31-12-2019	31-12-2018
Debtors	2.426	1.600
Provision for doubtful debtors	(16)	(45)
Balance as of 31 December	2.410	1.555

Receivables group entities

	31-12-2019	31-12-2018
Intercompany account Holding KIT BV	-	110
Receivables Holding KIT BV	480	286
Receivables KIT Intercultural Professionals BV	3	414
Receivables KIT Hotel BV	999	890
Balance as of 31 December	1.482	1.700

Advance payments and accrued income

	31-12-2019	31-12-2018
Advance payments related to projects	1	639
Advance payments related to personnel	-	-
VAT receivables	-	-
Other accrued income	77	128
Balance as of 31 December	78	767

EQUITY AND LIABILITIES

4. Equity

There is no difference in 2019 between statutory equity and consolidated equity.

5. Current liabilities

Creditors

	31-12-2019	31-12-2018
Creditors	936	1.101
Balance as of 31 December	936	1.101

Payable to group entities

	31-12-2019	31-12-2018
Receivables KIT Intercultural Professionals BV		58
Receivables KIT Hotel BV	72	1
Balance as of 31 December	72	59

Advance receivables and accrued expenses

	31-12-2019	31-12-2018
Payments received in advance	7.218	5.159
Invoiced Rent in advance	1.122	1.057
Accrual for vacation days	514	612
Accrued expenses	809	684
Balance as of 31 December	9.662	7.512

The payments received in advance are explained in more detail in the consolidated notes.

NOTES TO THE UNCONSOLIDATED BALANCE SHEET AND THE INCOME AND EXPENDITURE ACCOUNT 2019

(amounts in € thousands)

6. Personnel costs

The number of employees as of 31 December 2019 was 128 (2018: 135). In Full time equivalents the average number of employees for 2019 is 110 (2018: 118).

Expense allowance Supervisory Board

The Supervisory Board did not receive remuneration in 2019.

7. Statutory regulation of appropriation of results

According to Article 20 of the Articles of the Association, the Management Board submits a proposal to the annual meeting of the Council of Members for appropriation of the results of the year. Unless the Council decides otherwise, the result will be added to the general reserves.

Proposed appropriation of results

The Management Board proposes to appropriate the result of € 2.131 of 2019 to add to the general reserve.

8 Information of Association

The association Koninklijk Instituut voor de Tropen is registered at the Chamber of Commerce, number 33185213. The association is established in Amsterdam.

9 Main sources of revenue

Klantnaam	2019	Klantnaam	2018
Nuffic	3.315	Ministry of Public Health, Afghanistan	3.004
Nationaal Museum voor Wereldculturen	2.671	Nationaal Museum voor Wereldculturen	2.631
KIT Hotel B.V.	2.137	Nuffic	2.467
Plan International Nederland	907	KIT Hotel B.V.	1.993
AGRA-alliance for a Green Revolution in Africa	734	Ministerie van Buitenlandse Zaken	1.407
Ministerie van Buitenlandse Zaken	635	Plan International Nederland	726
Ministry of Health and Social Welfare Liberia	579	The World Bank	589
Stop TB Partnership	417	UNICEF Afghanistan Country Office Nutricion Sectio	515
Nederlandse Org voor Wetenschappelijk Ond (NWO)	402	Stop TB Partnership	384
Linneausstraat C.V.	392	Linneausstraat C.V.	378

(amounts in € thousands)

10 Events after the balance date

The outbreak of the Coronavirus and the preventive measures that have been taken by the government due cause major economic uncertainty for at least the short term and most likely also the longer term. For KIT, Royal Tropical Institute, the main risks is a prolonged closure of our hospitality activities and a prolonged ban on travelling for our advising activities. However, the developments are at his moment very uncertain and of a changing nature. Since this situation could not have been foreseen at the balance date, any impact on KIT has not been processed in the figures of the annual account as per the 31st of December 2019. Considering the high amount of uncertainty regarding the development of the Corona-crisis, it is not possible to give a reasonable estimate of the impact on KIT, Royal Tropical Institute. KIT has applied for the NOW regulation and is expecting to have enough cash reserves to endure this crisis.



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Signed at the annual meeting held on the premises of KIT, Mauritskade 63, Amsterdam, by the management board and the supervisory board as per June 2020:

Amsterdam, 11 June 2020

M. Schneiders, CEO KIT

Supervisory board members:

L. Broekhuizen

J. Gupta

H. le Clercq

J.Kwak

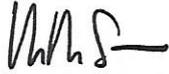
P.J. Flach

P.Strengers

Signed at the annual meeting held on the premises of KIT, Mauritskade 63, Amsterdam, by the management board and the supervisory board as per June 2020:

Amsterdam, 11 June 2020

M. Schneiders, CEO KIT



Supervisory board members:

L. Broekhuizen



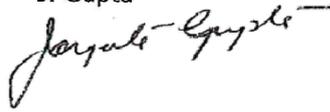
H. le Clercq



P.J. Flach



J. Gupta



J.Kwak



P.Strengers



INDEPENDENT AUDITOR'S REPORT