



MAKING SUSTAINABLE IMPACT

ANNUAL REPORT 2019





VEI ANNUAL REPORT 2019

We believe that
everyone around the world
deserves potable water



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WATER OPERATORS STANDING SIDE-BY-SIDE



Every year we want to have a bigger sustainable impact on the day-to-day lives of the people in the service areas of our partner water operators in Africa, Asia and Latin America.

May 2019: The tropical hurricane Idai hit the coast of Mozambique with devastating effects: many deaths and a complete stop of normal life. The hardest hit was taken by the coastal city of Beira. Beira is a city of half a million inhabitants, which are served by the drinking water company FIPAG. FIPAG and VEI have been long-time engaged as partners in a Water Operator Partnership (WOP).

Amidst all the sadness in the aftermath of the hurricane, the effectiveness of the FIPAG/VEI partnership became very evident getting the drinking water system operational again. VEI and FIPAG worked side-by-side around the clock in this time of crisis. As time was a big issue, the relation of trust helped tremendously in overcoming many obstacles. Every day that the water supply was not ready to function, the risk of epidemic outbreaks increased. The effectiveness of the WOP was also proved by the Dutch Government in granting additional funds for a rapid intervention plan of € 900,000 to FIPAG/VEI.

Idai is obviously a terrible natural disaster, but what the aftermath in Beira clearly surfaced is the value of our WOP relations. The value of having a colleague that you trust and can depend on, is crucial in times when you desperately need it.

2019 was for VEI an unparalleled year. Through our WOPs, we were able to provide a record number of people with access to sustainable water services. In 2019, we were able to give 352,515 people additional access to sustainable water services, which was an 15% increase compared to 2018. This is in line with our ambition to make every year *'a bigger bang for the buck'*, meaning every year we want to have a bigger sustainable impact on the day-to-day lives of the people in the service areas of our partner water operators in Africa, Asia and Latin America. In this regard, I want to highlight the key role of the Dutch foundation Water for Life. Water for Life receives voluntary financial contributions of more than

35,000 Dutch water consumers, and entrusts us to make an impact with these funds. We find that very special and a great responsibility.

In 2019, we were very happy to welcome WLN as a sixth Dutch partner, next to Vitens, Evides Waterbedrijf, WML, Waterbedrijf Groningen and Brabant Water, broadening our basis of expertise and support from the Netherlands. In terms of knowledge sharing, we engaged a total of 190 Dutch experts to provide short term expert support to their peer operators, which is a 14% increase compared to 2018. These short term experts spent almost 4,000 working days abroad (increasing with 16% compared to 2018). Never before, VEI was able to engage such a large number of Dutch water operator' staff working so intensively abroad. For VEI, this is a key strategic indicator as it indicates how we succeed in engaging the staff of the Dutch water utilities helping them to further build their reputation as excellent employees.

With pride, I can introduce this 2019 annual report to you. Thanks to the commitment of all engaged in VEI, VEI is nowadays the largest organization involved in Water Operator Partnerships worldwide. We believe that everybody in the world deserves proper, adequate and sustainable water services delivery. Standing side by side as water operators, being able to make a practical difference in the lives of so many is what makes us tick, and what gives meaning to our organization and the reason we go to work every day. I wish you a lot of reading pleasure, and please while reading it, take at heart that your continued support is essential in making the dream come true of universal sustainable water services for all.

Dr. Marco A.C. Schouten
CEO VEI
The Netherlands

THIS IS VEI



2004: VEI was founded by Vitens. In 2005 Evides Waterbedrijf joined as shareholder.

Over the years, Brabant Water, Waterbedrijf Groningen, WML and WLN also joined VEI

VEI is the largest promoter and implementer of Water Operator Partnerships – WOP's

2019: VEI is involved in the implementation of WOP's in 19 countries.



VEI is located in Utrecht, the Netherlands.

€22.4_{mIn}

Million annual turnover

All over the world, water companies are struggling to provide safe water services. Climate change, increasing water scarcity and population growth are huge challenges for water supply systems. Worldwide, almost a billion people do not have access to potable water, while 2.4 billion people have no access to proper sanitation.

VEI was founded in 2004 by the shareholders Vitens and Evides Waterbedrijf (2005) and is firmly rooted in the Dutch water sector. Meanwhile, more water partners have joined VEI, namely Brabant Water, Waterbedrijf Groningen, WML and WLN. VEI is the largest promoter and implementer of Water Operator Partnerships – WOP's – in the world. WOPs are peer-to-peer partnerships focused on water and sanitation services. Through VEI, Dutch water partners are committed to achieving the United Nations Sustainable Development Goal 6: sustainable water and sanitation for everyone.



Mozambique, 2016

19_{countries}

Implementation in WOP's

Dutch and local water companies share common concerns and challenges in a partnership, each with their own circumstances: about human resource development, day-to-day activities of production and distribution systems, and investment planning. By sharing and exchanging knowledge and skills, local water companies become stronger, healthier and more resilient.

In the past years, VEI has developed into an effective organization that is involved in the implementation of WOPs with dozens of water experts in more than 19 countries worldwide. In 2019, 352,515 people gained access to water and sanitation by VEI, mainly from low-income areas in Africa, Asia and South America.

Sustainable
WOPs of VEI focus on capacity building of water operators by deploying local expertise. This peer-to-peer interaction ensures that the knowledge and expertise can

50_{projects}

implemented by VEI in 2019

be shared with water companies abroad. The results are impressive: operational performance is improving and every year more people get access to safe, affordable and sustainable drinking water.

Investments
Financiers are attracted annually by making solid business cases. Financiers who want to invest in hardware and technical assistance from water managers. A WOP can increase the sustainability and quality of an investment program and ensure an extension of the life of the assets. The combination of additional investments and peer-to-peer support at operational level acts as a start for local economic development and growth. Moreover, VEI can make exclusive access of the fund in which Dutch water consumers voluntarily donate, Water for Life, to improve the access of water services to the (peri) urban poor.



Providing universal access to potable water positively boosts the economic and social development of a region



VEI Annual Report in Numbers

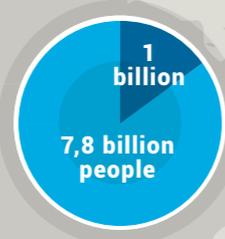
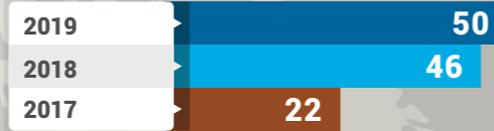
RESULTS 2019



INFOGRAPHIC
VEI IN NUMBERS
2019

Since VEI was founded in 2004, millions of people already gained access to water and/or sanitation.

WOPs PROJECTS



WORLDWIDE ALMOST 1 BILLION PEOPLE STILL LACK ACCESS TO WATER AND/OR SANITATION

TURNOVER 2017-2019



Netherlands
Antilles
Colombia
Suriname
Bolivia

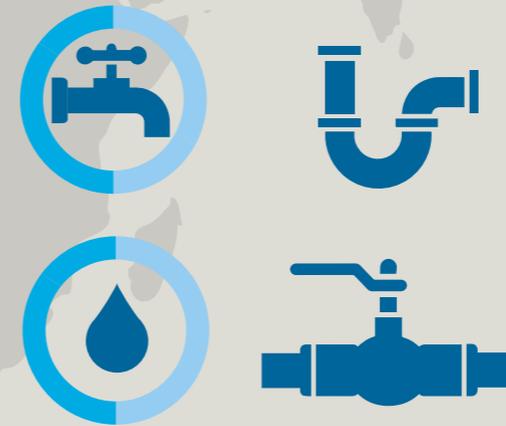
Ghana
Zambia
Zimbabwe
Mozambique

Ethiopia
Kenya
Uganda
Rwanda
Tanzania
Malawi

Bangladesh
Myanmar
Vietnam
Philippines
Indonesia

19 COUNTRIES

PEOPLE THAT GAINED ACCESS TO WATER/SANITATION BY VEI IN 2017-2019





IMPACT. COMMITMENT. PROFESSIONALISM.

THE THREE SIGNPOSTS OF VEI'S STRATEGIC PATH.

In 2019, VEI flourished like never before. With respect to both our mission objectives, we succeeded to do better than any of the years before. In our mission to contribute as much as possible to give people sustainable access to water services, we managed to help 352,515 people in Africa, Asia and Latin America. Our other mission is to support the associated Dutch water operators in their reputation as attractive employers. Never before, we were able to engage a total of 190 Dutch water operator' staff on short assignments for a total of almost 4,060 days, indicating the large solidarity of the Dutch with their peer operators abroad.

VEI's strategic path centers on three key notions; impact, commitment and professionalism.

First, VEI wants to make a bigger mark guided by the globally set Sustainable Development Goals (SDGs). SDG 6 sets the target for the world community to achieve

WOP'S

WORK THROUGH PEER-TO-PEER EXCHANGE OF SKILLS, KNOWLEDGE AND GOODWILL

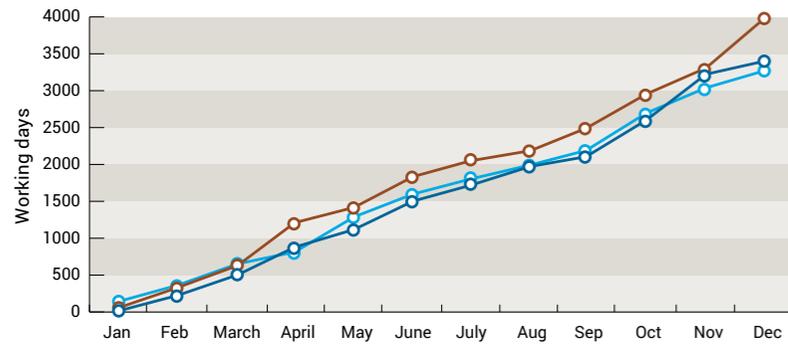


universal sustainable water services for all. With still approximately 1 billion people lacking sustainable water services, and 2.5 billion people lacking proper sanitation, that is an ambitious goal. Especially given trends as population growth, urbanization, pollution and climate changes, which all complicate to achieve this ambition. VEI is constantly seeking ways to make more impact which resulted that over the last 5 years we succeeded to triple our annual impact. In 2019, we were able to boost our impact, on people that gained access to water/sanitation, with circa 10% compared to 2018.

Second, VEI wants to continuously strengthen the commitment of the associated Dutch water operators. The support from our shareholders and from the associated Dutch partners is fundamental for our work. In 2019, we were happy to welcome a new Dutch partner, WLN, to the existing partners Vitens, Evides Waterbedrijf, Brabant Water, WML and Waterbedrijf Groningen. For our work, the Dutch water operators inhabit a unique source of knowledge and expertise as best practice water operators. Engaging the Dutch staff directly is crucial for the quality of the support we can deliver. In the recent years, VEI has made large strides in this respect by improving our resourcing process, our reputation, and the way we communicate. For example, in 2019 we introduced for the first time a survey among 248 respondents engaged in VEI's work to assess their views on VEI and how VEI can further improve. Given its success, we decided to make the survey an annual returning event as it will enable us to be better aligned to the staff of the Dutch water companies. An important indicator for VEI is the number of days that are spent by the Dutch water operators' staff in the field. The graph on the next page shows that we were able to increase that engagement every year. In 2019, VEI with her partners was able to boost this with an increase of 13% compared to 2018, coming to an annual amount of almost 4,000 days.

The third key strategic notion is to increase the professionalism of VEI in our governance and operations. This includes many key elements such as integrity and compliance, risk management, crisis management, ICT implementation, human resources policies, procurement regulations, formalization of our partnerships, and planning and control cycle. VEI B.V., registered by the WWB, employs 19 staff members at the end of 2019. At the end of 2019, 19 staff members are seconded from the Dutch water operators and VEI engages a total of 15 staff members through payroll type of engagements.

Financially, VEI is doing well: no external financing is needed, activities can be financed with own resources. VEI is a not-for-profit company and we registered in 2019 a positive result of € 43,000. The positive result over 2019 will be added to the own reserves and has no further consequences. Our solvency, expressed as shareholders' equity in relation to the balance sheet total, was 13% (compared to 14% in the previous year). The company's liquidity, expressed as current assets relative to current liabilities, was 1.19 (compared to 1.24 in the previous year). Finally, no unforeseen items of extraordinary expenditure had to be accounted for in relation to 2019 or influenced the future expectations.



LOOKING FORWARD TO 2020

2020 is the year in which we re-evaluate our strategic agenda and set the course for the coming years. For the undertaking of the strategic setting we intend to do so in close consultation with VEI's stakeholders to ensure a sound and applicable agenda for the years to come. In 2020 we intend to stabilize the levels of 2019 in terms of turnover, impact, and number of staff of the Dutch water utilities engaged in the work of VEI. A key argument to stabilize in 2020 is that we consider the signs that for the currently engaged Dutch water partners are reaching their capacity in staffing limits.

We continue in 2020 to further build and secure the good reputation of VEI and the associated Dutch water partners, giving continued attention to a strict integrity policy, compliance and a strong risk aversion and accompanying risk prevention and mitigation policies. In that respect we will continue to use the VEI exclusive country list, which remains unchanged compared to 2018. A new activity in this regard that we are planning to undertake in 2020, is to conduct internal quality audits to secure the quality of projects in a better way.

2020 will be also an important year for our flagship program WaterWorX. We want to use 2020 to go through a dedicated process jointly with the relevant stakeholders to mold the next phase of WaterWorX. Hence, such in

DAYS SPENT BY THE DUTCH WATER OPERATORS' STAFF IN THE FIELD

Realisation ST 2019 working days	4060
Realisation ST 2018 working days	3399
Realisation ST 2017 working days	3252

order to prevent that there may be a gap between phase I (which ends 31/12/2021) and the next phase. We will remain vigilant in 2020 to diversify our sources of funding. Some innovations to our approach to WOPs will be investigated in 2020, like the linkage with climate change and carbon credits, and the (im)possibilities to help in refugee areas.

In 2020 we will further continue on the path on professionalizing VEI, such as the introduction of ICT solution as the VEI-app, the mainstreaming of SDG to all of our activities, the internal surveys on how the engaged people in VEI perceive their work, the resourcing processes to engage staff, and the boosting of the Foundation Water for Life. An ambition for 2020 is to give more attention to inclusiveness and gender issues in how VEI engages with her staff and stakeholders.

COVID-19

The COVID-19 outbreak has developed rapidly in 2020, affecting our VEI organization in different ways. The COVID-19 outbreak clearly underlines the relevancy of our work to strive for improved sustainable water services; indicated by a series of requests from our partner utilities and external donors for additional assistance. Given the health risk, first priority for VEI during the COVID-19 crisis is to protect our staff, partners and the urban residents we work with across the world. Inter-



Myanmar, 2019

national long-term staff is repatriated, all international travel is temporarily put on hold, and our staff is working from home. Much of our work occurs in low-income communities around the world. VEI acts at all times with an awareness of our responsibility not to increase risks for the communities and partner water utilities that we work with. This consequences, unfortunately, that almost certainly our work and operations are being delayed due to COVID-19 pandemic, either due to decisions to protect our staff, partners, and beneficiaries, or as a knock-on impact from other delays. These delays may arise as a

result of actions by our suppliers, contractors and other partners, or decisions taken by national authorities regarding travel or public gatherings etc. During the crisis, we remain in close contact with our stakeholders to secure the focus on our common partnership goals. Financially we are convinced that our organization is sufficiently strong and flexible to withstand this crisis. We want to point out our liquidity and finance structure and that a part of our technical assistance is during the COVID-19 lock down done by "video calling".



We think that the best results are achieved by entering into multiple-year partnerships with local companies



RISK MANAGEMENT



10
IN THE PAST YEARS
there has not been a single case of premature termination of a collaborative relationship without mutual consent

Indonesia, 2018

Risk inventory and risk management are important topics at VEI. VEI is exposed to risks by the nature of our work. Continuously, VEI is preventing and mitigating these risks. The main categories of risks are: risks related to health and safety; operational risks including fraud and corruption, and financial risks.

In general, choices related to contract types and project sites are key elements in managing the risk profile of the commitments we enter into. Selection is executed through a criterion-based filtering process weighing impact, financial risks, operational risks and risks relating to employees' occupational health and safety. A prime condition to weigh our possible involvement is that there must be a reasonable expectation that our efforts will have a sustainable and lasting impact. The motivation of our foreign partner water company (and its management) is an important indicator in respect of this condi-

tion. Other considerations relate to the safety situation of the project site, such as indicated for example by the presence of other international organisations, travel infrastructure and accommodation facilities and advice provided by our partner Control Risks. Control Risks is an independent, global risk consultancy specializing in helping organizations manage political, integrity and security risks in complex and hostile environments. Related to this criterion, is that VEI explicitly condemns (and refuses to participate in) all forms of fraud and corruption and the presence of VEI employees in a country in no way indicates VEI's support of a local government's policy or an endorsement of its governance quality. With respect to the type of contract, VEI's policy is not to take a financial interest in local entities. VEI focuses its activities on providing technical support to their partners abroad to enable them to manage their service provision sustainably.

Myanmar, 2019



HEALTH AND SAFETY RISK

Impact on the results and/or financial position: limited

The health and safety of expatriate- and short-term staff is the main risk to which VEI is exposed. These risks mainly apply to international travel, local transportation (accidents, material damage), illness (nutrition, malaria, infectious diseases, recent COVID-19 pandemic developments), safety on the streets (theft), incidents (natural disasters, terrorism), and 'Occupational health': even though the expatriate- and short-term employees mainly fulfil an advisory role, many of them are also involved in the operations of the partner water operators.

Cases of personal injury resulting from accidents or incidents causes in the first place personal hardship and inconvenience. But it also has a negative effect on the image of VEI and its shareholders, particularly if such situations are not handled professionally and effectively. Anticipating or reacting to these risks may result in the postponement or cancellation of missions. If this situation continues for a prolonged period, it may lead to delays in the implementation of the projects in question. Among other measures, VEI implements the following controls in order to minimise the risk associated with health and safety:

- The staff members (expatriates and short-termers) receive preventive information on the political, security and health situations in the countries where we are present;
- A Travel Handbook ('Veilig op Reis'), which contains instructions on behaviour and assistance relating to health and safety;
- Compulsory chauffeurs for short-termers;

- A crisis management organisation has been set up and an annual training is organised;
- A 'Duty of Care' policy clarifying the obligations of the employer and employee, which the employee must sign to indicate that he/she is aware of all the available information and has read the relevant instructions before being issued a ticket;
- VEI cooperates with Control Risks (crisis management) and International SOS (health) in order to optimally inform and prepare employees and, if necessary, provide guidance in the area of health and safety.

OPERATIONAL RISK

Impact on the results and/or financial position: limited

The operational risks relate to the quality and effectiveness of the project effort, issue management (water quality, reliability), political risks (human rights, corruption), and employee conduct (professionalism) this includes the risk of any form of fraud and corruption not only caused by own personnel but also partners and hired staff. All these aspects can affect the reputation of VEI, the Dutch Water sector and other partners. Furthermore risk of fraud and corruption can also lead to financial losses, sanctions and fines. Most VEI projects are partnerships which are entered into by both parties on a voluntary basis, or contracts that are awarded after a tender procedure. Neither poor performance nor bad publicity serves the interests of either of the parties and a critical selection process minimises the likelihood of occurrences of this nature. We know from experience that, when confronted by disappointing (initial) results, the first reaction of the two partners is to look for ways of improving those results.

Colombia, 2020





During VEI's involvement in international collaborative projects during the past 10 years, there has not been a single case of premature termination of a collaborative relationship without mutual consent.

VEI implements the following controls in order to minimise operational risk:

- Contract selection, a number of criteria is used such as country, contribution to the VEI mission, and project partners;
- Limitation in countries where projects are being operated;
- Selection of partners/alliances;
- Use of the KPI dashboard, financial reporting and performance reporting in the context of result accountability in respect of all stakeholders (not only the shareholders and financiers in order to contribute positively to developing relevant policy and encouraging broader social debate in this area;
- A standardised Financial Planning & Control cycle;
- The communication protocol agreed with the shareholders, which define an approach and core message for each target audience;
- To reduce the risk of bribery VEI has a mandatory "code of conduct" for its staff and has also implemented procurement procedures. No violations of the code of conduct has been noted in 2019.
- All VEI projects are regularly submitted to internal and independent external audits.

STRATEGIC RISK

Impact on the results and/or financial position: limited

The activities of VEI depend on the contributions and efforts of the Dutch water sector and available funds from the Ministry of Foreign Affairs and other (inter)-national donors. The WaterWorX program ensures that the project portfolio is properly filled up until 2021, while the WaterWorX program will form a more important part of the total activities of VEI in the coming years. In 2021 an evaluation will take place on the further continuation of this project for another period until 2025. Because the activities of VEI contribute to the Dutch SDG objectives, the activities of VEI can be continued in the coming years. In addition, VEI is constantly looking for new cooperation and partnerships for other projects.

VEI implements the following control measures to minimize strategic risk:

- External monitoring of the WaterWorX program to ensure that project objectives are met and the program continues after 2021;
- Continuous search for new projects and project partners;
- Collaboration with partner Control Risks to identify strategic risks and to take appropriate measures.

LAWS AND REGULATIONS

Impact on the results and/or financial position: limited

Because VEI employees often work abroad for a short or longer period, VEI has to deal with foreign legislation, for example in the area of work visas, wage tax but also procurement guidelines for local investments.

VEI implements the following control measures to minimize laws and regulations risk:

- Presence of compliance officer function to chart risks in the field of legislation and regulations;
- Make RPM's constantly alert to foreign legislation.

FINANCIAL RISK

Impact on the results and/or financial position: limited

VEI is a project-based organisation and the associated financial risk is therefore typically related to individual projects. For example, risks associated with penalty clauses, bonus/malus agreements in performance-dependent projects, repayment of subsidies, debt-risks, liability for health damage or other damages (injury), unemployment, VEI employees becoming unfit for work and the risk of payment default on the part of the donor. In the event of early termination of the project, there are also financial consequences in that a suitable position must be found for the permanent staff returning to the parent company or partner company from abroad, or an outplacement procedure has to be initiated. Based on the assumption that not all projects will end at the same time and that new projects will arise or existing projects will be renewed, this risk is limited.

VEI implements the following control measures to minimise financial risk:

- The further pursuit of operational excellence in Project Management and Finance & Control, through optimisation of the administrative/Finance & Control systems and procedures among other measures;

- Registration/preparation of Utility Support Contracts with realistic performance targets and a good balance between fixed and variable rewards and bonus/malus arrangements;
- Demanding project finance payment in advance;
- A standard cooperation agreement has been drawn up in collaboration with Royal Haskoning DHV, a leading firm of consulting engineers and a VEI partner, which focuses on clearly defining liability;
- Restraint with regard to entering into long-term commitments in relation to rent, vehicles, etc.;
- Not participating or taking any financial position in local water operating partners;
- Externally recruited personnel, who mainly work as self-employed contractors or based on fixed-term contracts (duration is based on the contract period).

More about VEI's financial risk and risk management in chapter 5 of the Financial Statements.

Utrecht, 5 June 2020
Dr. Marco A.C. Schouten
CEO VEI

Bangladesh, 2019



Realizing access to
reliable and affordable water
services for all
is the essence of VEl's work



FINANCIAL STATEMENTS

Balance sheet as at 31 December 2019

(before proposed appropriation of result)

(x EUR 1,000)

ASSETS

		31/12/2019	31/12/2018
	Note		
Construction contracts	1.	1,249	3,103
Accounts receivable	2.	649	615
Taxes and social security charges	2.	400	254
Other receivables, prepayments and accrued income	2.	1,811	1,703
Cash and cash equivalents	3.	8,499	5,420
Total assets		12,608	11,095

LIABILITIES

		31/12/2019	31/12/2018
	Note		
Shareholders' equity	4.		
Paid-up and called share capital		36	36
Other reserves		1,513	1,539
Undistributed result		34	-26
Total equity		1,583	1,549
Provisions	5.	417	560
Current liabilities			
Construction contracts	6.	5,807	5,320
Taxes and social security charges	7.	58	29
Other current liabilities	7.	4,743	3,637
Total current liability		10,608	8,986
Total equity and liabilities		12,608	11,095

(x EUR 1,000)

Income statement for the year ended 31 December 2019

		2019	2018
	Note		
Net turnover	9.	22,356	19,722
Cost of operations	10.	-20,476	-18,112
Gross profit		1,880	1,610
General and administrative expenses	11.	-1,833	-1,642
Total costs		-1,833	-1,642
Operating profit/(loss)		47	-32
Financial income and expenses	12.	-5	-1
Result before tax		42	-33
Corporate income tax	13.	-8	7
Result after tax		34	-26



Consolidated cash flow statement for the year ended 31 December 2019

(x EUR 1,000)

CASH FLOW FROM OPERATING ACTIVITIES		2019	2018
Operating profit/(loss)	Note	47	-32
Adjustments for:			
Movement in provisions	5.	-143	71
		-96	39
Movements in working capital:			
Receivables	2.	-287	-736
Construction contracts	1. & 6.	2,340	-1,769
Current liabilities	7.	1,137	532
		3,190	-1,973
Cash generated from operations		3,094	-1,934
Financial income and expense	12.	-5	-1
Corporate income tax paid	13.	-10	-53
		-15	-54
Net cash generated from operating activities		3,079	-1,988
The movement in cash at banks and in hand can be broken down as follows:			
Balance as at 1 January		5,420	7,408
Movements during the financial year		3,079	-1,988
Balance as at 31 December		8,499	5,420

Notes to the balance sheet and income statement



1. GENERAL NOTES

1.1 Activities

VEI B.V. (formerly known as Vitens Evides International B.V.) is a joint venture of Vitens N.V. and Evides N.V. (both 50%). VEI B.V. receives contributions from its shareholders and other donors in the context of development aid. It uses these contributions to finance its not-for-profit activities in the area of management support for water companies in developing countries. An own contribution is incorporated within a majority of the project contracts of VEI. This own contribution is sourced through the participating Dutch water companies, legitimized by the 1% CSR contribution of the Dutch drinking water law.

1.2 Going Concern

The outbreak of COVID-19 is expected to have major effects on the VEI operations. Most of the staff shortterm and longterm have been repatriated. Projects delays, especially in longterm COVID-19 scenarios seem to be unavoidable. During the times of restrictions VEI stimulates alternative working methods such as project activities and advice by e-mail and other communication solutions. Based on this and other characteristics of VEI, as specified below, VEI expects that COVID-19 will not result in a material uncertainty regarding the going concern continuity. VEI is not operating in a commercial environment and a not-for-profit status is given by its shareholders. The contributions of its shareholders and other partners enables VEI to contribute financially in its projects.

Furthermore, VEI has no loans or debts which are used for financing. This means VEI has no bank ratio's or covenants to meet which might impact or could endanger her

finance structure and continuity. Sufficient liquidity, as at 31 December 2019 cash balance of € 8.5 million, is available to be able to finance the company. As can be seen in the 2019 P&L statement, 20% of the turnover, € 4.8 million) consists of Dutch water sector contributions. These contributions will be similar in 2020, which gives VEI the ability to fulfill its fixed costs and committed obligations, even in the current extreme situation with COVID-19.

For the nearby future VEI expects that there will be global differences in re-opening the borders. But will retain their responsibility in safety before green light will be given to its staff to return to the different projects. For now, VEI must be alert to find a balance between mitigating measurements, including costs, and safely restarting her project activities.

1.3 Registered office and number at chamber of commerce

Vitens-Evides International B.V. registered office is located at the Reactorweg 47, 3542 AD, Utrecht, the Netherlands. Registered at the Chamber of Commerce under number 634832.

1.4 Legal name change

The name of VEI B.V. has changed during 2019. As of 7/6/2019 the legal name of Vitens Evides International B.V. has changed in to VEI B.V.

1.5 Group structure

VEI B.V. consists of one legal entity. VEI B.V. is not a part of a larger group.

1.6 Changes in accounting policies

There are no changes in accounting policies compared to previous year.

1.7 Changes in accounting estimates

In 2019, there are no changes made according to estimate principles.

1.8 Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Entities which can exercise control over the Company are also considered to be a related party. In addition, statutory directors, other key management of VEI B.V. or the ultimate parent companies and close relatives are regarded as related parties. In 2019, there were no transactions made with related parties which can be considered as not at arm's length. The nature, extent and other information are disclosed if this is necessary in order to provide the required insight.

1.9 Estimates

Preparing annual financial statements involves the use of assumptions, judgment and estimates based on historical experience and factors that are acceptable in the management's opinion given specific circumstances. Such judgment and estimates (including relevant assumptions) affect the valuation and presentation of the assets and liabilities reported and also the result for the year. Actual results may differ from these estimates and assumptions applied. If it is necessary in order to provide the true and fair view required under Book 2, article 362, paragraph 1, the nature of these estimates and this judgment, including relevant assumptions, are disclosed in the notes to the financial statement.

1.10 Accounting policies for the cash flow statement

The cash flow statement has been prepared on the basis of indirect method. Items disclosed in the cash flow statement comprise the cash and cash equivalents. Cash flows in foreign currency are translated at an estimated average exchange rate. Inflow or outflow of cash related to interest is included in the cash flow from operating activities. Cash flows from investment and financing activities are not applicable.

2. GENERAL ACCOUNTING POLICIES

2.1 General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

2.2 Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year. Also the comparative figures for the financial year 2018 have not changed.

2.3 Operational Leasing

VEI B.V. has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease

contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

2.4 Foreign currency

2.4.1 Functional currency

The items in the financial statements are measured using the currency of the primary economic environment in which the company is based (the functional currency). The financial statements are presented in euro, which is the functional and presentation currency of VEI B.V.

2.4.2 Translation of foreign currency

Transactions entered into by the company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the translation of unsettled assets and liabilities are recognized in the company income statement.

3. ACCOUNTING POLICIES FOR THE BALANCE SHEET

3.1 Construction contracts

Construction contracts commissioned by third parties comprises the balance of project costs realised, profit attributed, and if applicable, recognised losses and instalments already invoiced. Construction contracts are separately presented in the balance sheet under current assets. If it shows a credit balance, this will be presented under current liabilities. If it is likely that total project costs will exceed total project income, expected losses are immediately recognized in the income statement. This loss is included in cost of sales.

3.2 Receivables

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at nominal value.

3.4 Provisions

Provisions are recognized for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made

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

3.5 Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

4. ACCOUNTING POLICIES FOR THE INCOME STATEMENT

4.1 General

The result is determined as the difference between the realizable value of goods/services delivered and costs and other expenses over the year. Income from transactions is recognized in the year in which it is realized. The project result is determined as the difference between project income and project costs. Project income is the contractually agreed income and income from supplemental and additional work, claims and fees, if and to the extent likely to be realized and able to be reliably determined. Project costs are costs relating directly to the project, which are generally allocated to project activities and can be apportioned to the project, and other costs that can be contractually allocated to the client. If it is likely that total project costs will exceed total project income, expected losses are immediately recognized in the income statement. This loss is included in cost of sales.

4.2 Net turnover

Net turnover consists of contributions of the Dutch water companies and subsidies received. Income is allocated to the relevant period. Subsidies are recognized as income in the income statement in the year in which the subsidized costs were incurred, or income was lost, or in which a subsidized operating deficit arose. Income is recognized if it is likely to be received.

4.3 Contract revenue and costs

When the outcome of a contract can be reliably estimated, contract revenue and costs are recognized as revenue and costs in the income statement under the percentage-of-completion method. The stage of com-

pletion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognized as revenue in the income statement only to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognized as expenses in the period in which they were incurred. When the outcome of a contract can be estimated reliably, revenue is recognized using the percentage-of completion method by reference to the services provided up to the balance sheet date.

4.4 Cost of operations

Cost of (project) operations is defined as direct and indirect costs that can be allocated to the projects, which includes costs of raw materials and production supplies, costs of work contracted out and other external costs, personnel costs and other operating expenses that can be allocated to cost of sales.

4.5 General and administrative expenses

General and administrative expenses are defined as those costs chargeable to the year that are not directly attributable to cost of goods and services sold. In the case of VEI B.V., these costs are related to support departments and cannot be attributed to the cost of (project) operations. The general and administrative expenses also consist the costs of own employees of VEI B.V.

4.6 Employee cost (employee benefits)

4.6.1 General

Employee costs (wages, salaries, social security contributions, etc.) are not presented as a separate item in the income statement. These costs are included in other components of the income statement, i.e. general and

administrative expenses and costs of operations. For a specification, reference is made to the relevant note.

4.6.2 Short-term employee cost

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

4.6.3 Pensions

VEI B.V. applies the obligation approach for all pension schemes. Contributions that are due but have not yet been paid are presented as liabilities. There are no other obligations in addition to the premiums paid, so no provision is included. The coverage ratio of ABP was 95.8% at 31 December 2019 (31 December 2018: 103.8%). Due to the current financial situation, ABP is unable to increase the pensions in 2019 to. A reduction of the pensions in 2020 is no issue either.

4.7 Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, recognized transaction expenses for loans received are taken into consideration.

4.8 Currency translation differences

Currency translation differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they are realized.

4.9 Corporate income tax

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

5. FINANCIAL RISKS AND RISK MANAGEMENT

VEI B.V. is exposed to the following financial risks, which are explained below. The effects of COVID-19 developments are described in paragraph 16.

5.1 Market risk

5.1.1 Price risk

The company deems the price risk related to items in the financial statements to be limited. This is mainly caused by the type of contract which enables VEI B.V. to pass such effects on to donor parties.

Eligibility of project cost

The company is involved in various projects for which audits are performed in order to check eligibility of project cost incurred. For some projects, audits are performed on a yearly basis, for others an audit is performed in case a new installment is requested and for some projects audits are performed at the end of the project. For the latter ones, for those projects where the subsidy funder may perform an audit after closing the project and for long-term projects, the company risks that, as a result of an audit, costs do not meet the conditions of the grant and can therefore not be claimed.

5.1.2 Currency risk

This is the risk that the value of a financial instrument will change due to fluctuations in the currency exchange rates. The company uses the euro as its functional currency. Exchange differences are calculated on a per-transaction basis and credited/charged to the income statement. For benefit of the projects, bank accounts abroad are held in foreign currencies to facilitate payments in foreign currencies. VEI B.V. is exposed to currency risk because of its projects in financially unstable countries and transactions in foreign currencies. Based on a risk assessment, the company does not use any forward currency contracts.

5.1.3 Interest rate and cash flow risk

No measures have been taken to mitigate interest rate risk. The company has no interest-bearing debts.

5.2 Credit risk

The company is exposed to risk in relation to valuation of receivables. The company manages this risk by assessing the recoverability of outstanding receivables periodically and takes adequate measures where necessary.

5.3 Liquidity risk

Cash and cash equivalents are at free disposal of the company. Many of the company's projects are financed on basis of pre-financing by financiers/donors.

Notes to the balance sheet



1. CONSTRUCTION CONTRACTS

Construction contracts commissioned by third parties comprise the balance of project costs and invoiced installments and if applicable allocated profit or recognized loss. Construction contracts are presented separately

in the balance sheet under current assets. If it shows a credit balance, this will be presented under current liabilities.

	31/12/2019			31/12/2018		
	Invoiced Instalments	Project cost	Balance	Invoiced Instalments	Project cost	Balance
Africa	6,717	7,269	552	16,395	17,983	1,588
Asia	2,659	2,710	51	8,889	9,152	263
South America	919	1,006	87	431	722	291
WaterWorX (VEI)	9,423	9,982	559	2,653	3,606	953
WaterWorX (Consortium)	-	-	-	3,983	3,991	8
Total	19,718	20,967	1,249	32,351	35,454	3,103



(x EUR 1,000)

2. RECEIVABLES

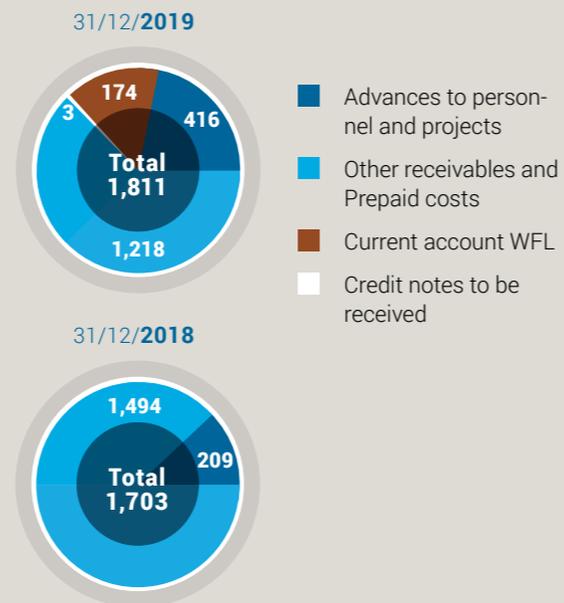
All receivables have a remaining term of less than one year. The net present value of the receivables approximates the book value, due to their short-term nature and the fact that provisions for bad debt have been created where necessary. For 2019 no provision for doubtful receivables was deducted on the receivables (2018: no provision).

The receivable relating to taxes and social security charges relates to value added tax.

The other receivables, prepayments and accrued income consists of the following categories:

3. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are at the free disposal of the company.



(x EUR 1,000)

4. SHAREHOLDERS' EQUITY

	31/12/2019	31/12/2018
Paid-up and called share capital	36	36
Other reserves	1,513	1,539
Unappropriated result	34	-26
Total	1,583	1,549

The authorized share capital amounts to € 90,000 consisting of 1,800 shares with a nominal value of € 50 per share. At the year ended 31 December 2019, 720 shares

were issued and paid up. In 2019 no shares were issued. The movement in shareholders' equity is presented in the table on the right.

(x EUR 1,000)

	<i>Paid-up and called share capital</i>	<i>Other reserves</i>	<i>Undistributed result</i>	<i>Total</i>
Balance as at 1 January 2019	36	1,539	-26	1,549
Movements				
Appropriation of the result of previous financial year	-	-26	26	-
Distribution of dividend	-	-	-	-
Result for financial year	-	-	34	34
Balance as at 31 December 2019	36	1,513	34	1,583

Proposed appropriation of result
Based on article 18 of the articles of association, the board of directors proposes to appropriate the result of

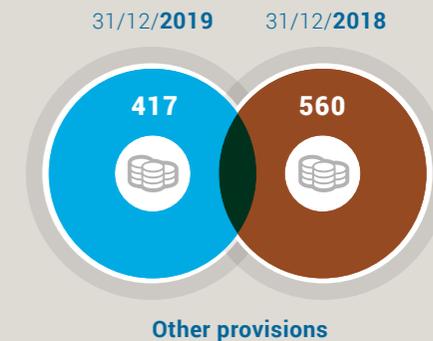
2019 as follows: to add an amount of € 34.000 to the other reserves.

(x EUR 1,000)

5. PROVISIONS

Other provisions are recognized for employees working abroad and relates to withholding taxes. The movement in the provision is presented in the table below.

	Other provisions
Balance as at 1 January 2019	560
Movements	
Additions	47
Release	-124
Utilisation	-66
Balance as at 31 December 2019	417



(x EUR 1,000)

6. CONSTRUCTION CONTRACTS

Construction contracts commissioned by third parties comprise the balance of project costs and invoiced installments and if applicable allocated profit or recognized loss.

	31/12/2019			31/12/2018		
	Invoiced Instalments	Project cost	Balance	Invoiced Instalments	Project cost	Balance
Africa	13,111	9,350	3,761	13,882	12,333	1,549
Asia	2,948	2,515	433	4,536	2,650	1,886
South America	-	-	-	-	-	-
WaterWorX (Consortium)	8,690	8,681	9	-	-	-
Water for Life	3,081	1,562	1,519	2,582	732	1,850
Other	159	73	86	148	113	35
Total	27,989	22,181	5,808	21,148	15,828	5,320



(x EUR 1,000)

7. TAXES, SOCIAL SECURITIES AND OTHER CURRENT LIABILITIES

The taxes and social security charges consists of the following categories:



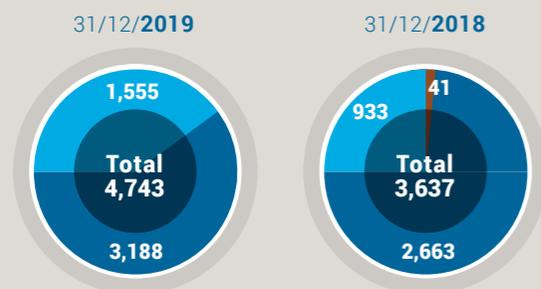
Corporate income tax can be broken down as follows:

	2019	2018
Payable as at 1 January	4	64
Payable for financial year	8	-7
Total	12	57
Paid in financial year	10	53
Payable as at 31 December	2	4

■ Wage tax
■ Corporate income tax

(x EUR 1,000)

The other current liabilities consists of the following categories:



■ Trade creditors
 ■ Other payables
■ Current account WFL

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

The other payables consist of expenses to be paid (€ 3,086,000) and payroll related liabilities (€ 233,000).

Debt to shareholders

The trade creditors and other payables include a debt to the shareholders:

	31/12/2019	31/12/2018
Vitens N.V.	720	733
Evides N.V.	281	249
Total	1,001	982

No interest is charged on the debt to shareholders. In respect of repayment the regular payment term for creditors is used. No other agreements have been made.

(x EUR 1,000)

8. CONTINGENCIES AND COMMITMENTS

The company has concluded lease and rental contracts with a total rental expenditure of approximately € 479,000 for the whole period. These contracts are related to lease of cars, office space and housing for employees abroad.

	Due within 1 year	Due 1- 5 years	> 5 year
Rental contracts as per 31 December 2019	€ 226,500	€ 252,500	-

The company provided the following guarantee:

	Currency	Amount	Beneficiary
Nr. K699927	€	373,220	European Investment Bank

The guarantee is related to an advance payment guarantee, to ensure that contractual obligations are met.

Notes to the income statement

(x EUR 1,000)

9. NET TURNOVER

Net turnover from The Netherlands is recognized based on contracts and relates to contributions from Dutch partners with which the company cooperates for their projects.

	2019	2018
The Netherlands	4,640	4,684
Africa	6,650	9,241
Asia	2,562	1,444
South America	564	630
Water for Life	1,563	732
WaterWorX	6,377	2,991
Total	22,356	19,722



(x EUR 1,000)



Net turnover from other continents and other parties relate to contracts as well and comprises grants provided by funders like Dutch Embassies abroad, Ministry of Foreign affairs, Investment and Development Banks, EU etc.

The exceptional height of the turnover in 2019, compared to previous years is generally caused by a catching-up effect on hardware investments. Furthermore is the extra activity in the Beira (Mozambique) region after cyclone Idai worth mentioning.

<i>Net turnover - The Netherlands</i>	2019	2018
Contribution Vitens	2,000	2,000
Contribution Evides	1,750	1,750
Contribution WML	485	495
Contribution Brabant Water	200	200
Contribution WBG	185	185
Contribution WLN*	-	-
Other turnover	20	54
Total	4,640	4,684

* WLN has the commitment to provides VEI of 20 days per year to foreign VEI projects without further settlement.

(x EUR 1,000)

10. COSTS OF OPERATIONS

The costs of operations relate to the projects performed during the financial year. The costs of the Project Operations Department are also classified as cost of operations.

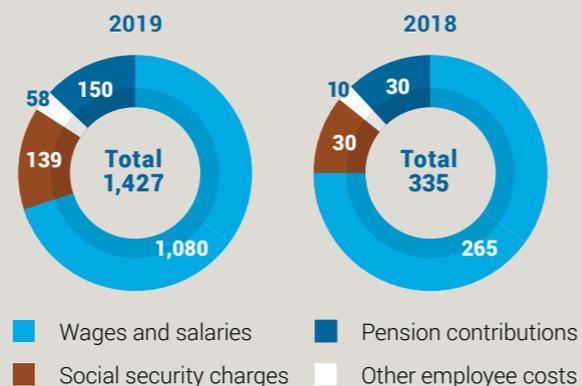
11. GENERAL AND ADMINISTRATIVE EXPENSES

The General and Administrative expenses relate to the support departments of VEI B.V.. The general and administrative costs consist of; costs of own personal, costs of hired staff and other operating expense.

Personnel costs

Until August 2018 the company didn't have any employees of its own but hires personnel, mainly via its shareholders and partners. As of August 2018 VEI B.V. has a number of employees of its own besides the hired staff. The wages and salaries are included in the general and administrative expenses for € 992,000 and in the cost of operations for € 435,000.

Wages and salaries own employees



Average number of employees

At the end of 2019, 19 employees were employed (2018: 10). Of these employees, 2 were employed outside the Netherlands (2018: 0).

(x EUR 1,000)

Audit fees

The following audit fees were expensed in the income statement in the reporting period:

2019	EY	PWC	Other	Total
Audit of the financial statements	-	39	-	39
Other audit services	61	47	8	116
Tax services	-	-	9	9
Other non-audit services	-	-	-	-
	61	86	17	164

2018	EY	PWC	Other	Total
Audit of the financial statements	-	33	-	33
Other audit services	1	29	29	59
Tax services	-	-	-	-
Other non-audit services	-	-	-	-
	1	62	29	92

The fees listed above relate to procedures applied to VEI. B.V. by accounting firms and independent external auditors as referred to in Section 1, subsection 1 of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2019 financial statements, regardless of whether the work was performed during the financial year.

(x EUR 1,000)

12. FINANCIAL INCOME AND EXPENSES

The cost of operations and the general and administrative expenses contains also an amount of € 60.000 related to exchange rate differences.

	2019	2018
Interest and similar income	-5	-1
Total	-5	-1

13. CORPORATE INCOME TAX

The Corporate income tax is based on the applicable corporate income tax rate in the Netherlands (25%). The effective corporate income tax rate on the company result is 19% (2018: 20%) due to a different applicable tax rate over the first € 200,000 (19%).

(x EUR 1,000)

14. RELATED PARTIES

The company receives an annual contribution from its shareholders, which can be specified as follows:

Contribution

	31/12/2019	31/12/2018
Vitens N.V.	2,000	2,000
Evides N.V.	1,750	1,750
Total	3,750	3,750

All costs from related parties are charged to the company based on actuals (e.g. hours and invoices), without profit margin. The company hires personnel from its shareholders, mainly as project-staff. Moreover VEI B.V. hires staff from Vitens and Evides for back-office activities (e.g. accounting, controlling, ICT, HR and marketing). The specification is as follows:

Costs

	31/12/2019	31/12/2018
Vitens N.V.	2,693	2,937
Evides N.V.	880	1,309
Total	3,573	4,246

(x EUR 1,000)

15. DIRECTOR'S REMUNERATION

	2019	2018
Current and former directors	172	178
Total	172	178

The management board is charged with managing the company. The authority to determine the remuneration and other employment conditions of the members of the management board accrues to the General Meeting of Shareholders. The remuneration consists of a basic salary, holiday allowance, pension, social security and other expense allowances, and is in accordance with the requirements of the Executives' Pay (Standards) Act, which VEI voluntarily applies. No loans, advances or guarantees were provided to the management board member.

16. SUBSEQUENT EVENTS

The COVID-19 outbreak is expected to have impact on the future activities of VEI. It is currently difficult to estimate how large this impact will be on project progress and consequently on the financial results given the uncertainty of the duration of the crisis. Besides all negative consequences, the COVID-19 outbreak clearly shows that good water supply, hand washing, and hygiene are key for good health. Key immediate effects of the COVID-19 outbreak concern several aspects.

Firstly, the safety of our temporarily and permanent staff members is to be secured. In response, VEI has in March 2020 put a temporary stop to all engagements of short-term experts; and repatriated all concerned long-term expatriate staff.

Secondly, project implementation, including the delivery of mandatory project outcomes. Due to the COVID-19 outbreak project delays will be unavoidable. Project end

dates may need to be shifted in consultation with the partners and external co-financiers, especially when the crisis is going to last. Since, all stakeholders in the drinking water development sector have a thorough understanding of the long-term nature of our work, we are optimistic that jointly we can secure the quality of the project continuation.

And thirdly, the COVID-19 virus will consequence in financial effects for VEI as it will imply a lower turnover in 2020. This lower turnover is immediately caused by lower project activities also expressed in an expected lower number of people connected and lower shortterm experts input delivered by Dutch water sector. VEI expects that COVID-19 will not result in a material uncertainty regarding the going concern continuity. The financial effects are described in paragraph 1.2 Going concern.

Other information

Provisions of the Articles of Association governing the appropriation of profits

The provisions of the Articles of Association relating to profit the appropriation are as follows (article 18):

- 18.1 The profit achieved in a financial year is at the disposal of the general meeting.
- 18.2 Profits are paid out after adoption of the financial statements which indicate this is permissible.
- 18.3 The general meeting can adopt a resolution for payment of an interim dividend and/or distributions chargeable to a reserve maintained by the company.
- 18.4 Distributions on shares can only take place up to at most the amount of the distributable shareholders' equity.

- 18.5 A resolution aimed at distribution will not have any effect as long as the management board has not given its approval. The management board will only refuse to give its approval if it knows or should reasonably foresee that the company will be unable to continue to pay its eligible debts after the distribution.

Utrecht, 5 June 2020
Dr. Marco A.C. Schouten
CEO VEI

Independent auditor's report



REPORT ON THE FINANCIAL STATEMENTS 2019

Our opinion

In our opinion, the financial statements of VEI B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2019, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2019 of VEI B.V., Utrecht.

The financial statements comprise:

- the balance sheet as at 31 December 2019;
- the income statement for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of VEI B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Emphasis of matter - uncertainty related to the effects of the coronavirus (COVID-19)

We draw attention to note 16 in the financial statements in which the director has described the possible impact and consequences of the coronavirus (COVID-19) on the company and the environment in which the company operates as well as the measures taken and planned to deal with these events or circumstances. This note also indicates that uncertainties remain and that currently it is not reasonably possible to estimate the future impact. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

- water operators standing side-by-side;
- this is VEI;
- results 2019;
- director's report;
- risk management;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

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

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

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

The director is responsible for the preparation of the other information, including the director's report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the director

The director 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; and for
- such internal control as the director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are

free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the [appendix](#) to our report.

Utrecht, 5 June 2020
PricewaterhouseCoopers Accountants N.V.

Drs. M. Hendriks RA

Mozambique, 2018



APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2019 OF VEI B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

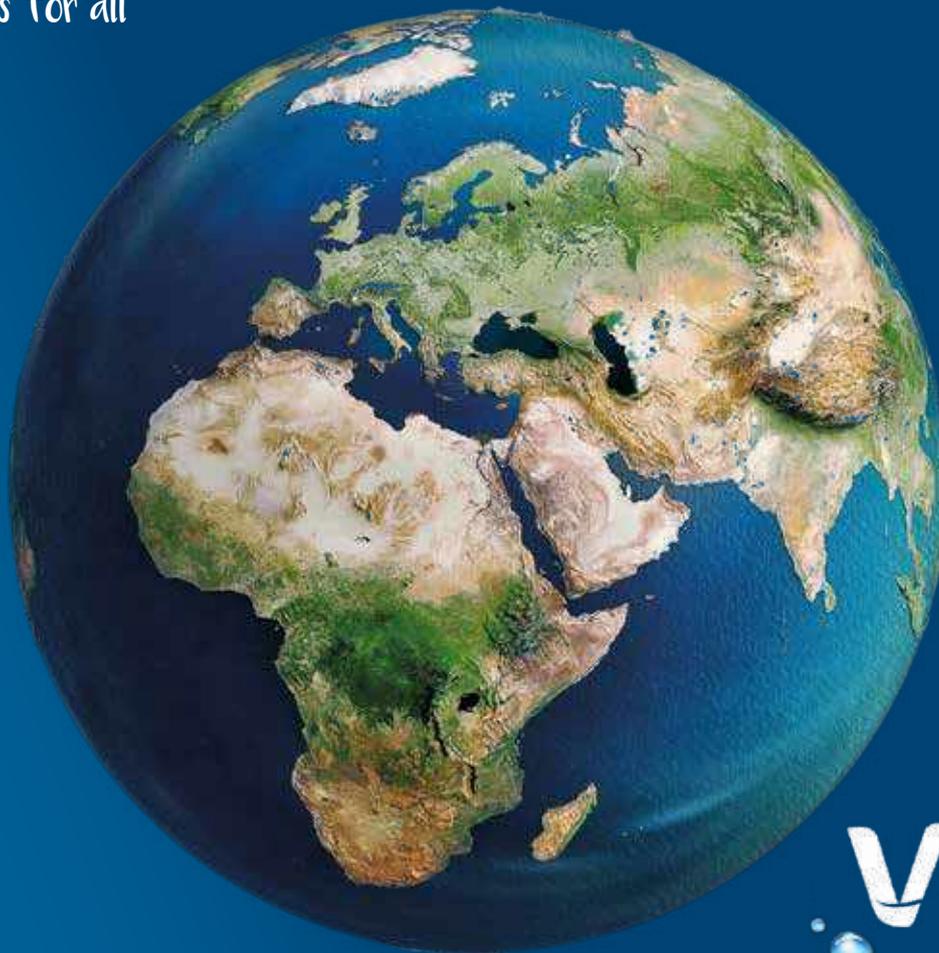
- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional 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 the director.

- Concluding on the appropriateness of the director's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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water and sanitation
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Dutch Water Operators

VEI B.V.
Reactorweg 47
3542 AD Utrecht, the Netherlands

T +31 (0)88 884 79 91
info@vei.nl
www.vei.nl

Colophon
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