ANNUAL REPORT 2019

THE OCEAN™ CLEANUP

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WELCOME

Oceans, rivers, and product: three words that succinctly summarize 2019 for The Ocean Cleanup. This was the year that we were finally able to openly communicate about the three pillars to our mission, which enable us to: clean the oceans, stop more plastic from entering them, and eventually help make the cleanup self-sustaining through the revenue of verified ocean-plastic products. We started the year bringing the damaged System 001 back to shore and closed the year returning ocean plastic to shore - an apt representation of the continued steadfastness driving us to achieve our goal.

From January 1, the team was in action mode as we returned System 001 (“Wilson”) to shore much sooner than scheduled after it suffered a material failure, and swiftly began development of an adapted system that would become System 001/B. In less than four months, we concepted, designed, and deployed this modular testing system into the Great Pacific Garbage Patch (GPGP). Taking the lessons learned from System 001, we trialed multiple configurations, aimed at either speeding up or slowing down the system. It was with System 001/B that we successfully caught plastic and, despite the remaining challenge of long-term retention, confirmed the slow-down concept as the preferred framework for our ocean cleanup technology. On October 2, we announced this milestone, and then, several weeks later, we brought System 001/B back to land, kick starting the System 002 project, our follow up testing system, where the main focus will be on long-term retention of the collected debris and durability under all circumstances. Extensive testing and scale modeling will be necessary before we can confidently confirm the design and, eventually, begin procurement and assembly. It is with this updated design that we intend to learn even more about our technology, to be applied to the subsequent iteration.

Following the milestone of our ocean technology, we unveiled the Interceptor, our invention to halt plastic on its way to the ocean via rivers. Our research has shown that, to truly succeed in our goal of clean oceans, we must, not only clean legacy plastic, but also stem the continuous flow of plastic from rivers (or, close the tap). We had been quietly designing, testing, and deploying Interceptors so that we could share a working solution for roll out, with the aim of tackling the 1000 most polluting rivers in the world. On October 26, in Rotterdam, during a live event, our team demoed the world's first scalable solution to intercept riverine plastic pollution. Not only did we introduce the Interceptor – we were also able to announce that we have two working systems (in Indonesia and Malaysia), two more systems ready for deployment, and a lineup of two additional projects.

To close out the year, and as an interesting by-product of the tests with System 001/B, we returned our first batch of ocean plastic to shore. This was shared in a press announcement on December 12 from Vancouver, where we also communicated our plans to turn this catch into beautiful, sustainable products. This journey has its uncertainties, considering this has not been done before, which is why we have invited supporters to follow the process along the way.

Research steadily continued to delve deeper into the scope of the problem of ocean plastic. Our team published a paper on the mass balance of ocean plastic, which helped us to understand more about the lifecycle of the plastic pollution and its persistency in the ocean garbage patches. Additionally, we increased our fieldwork and research efforts to help us understand plastic transport in rivers. We continue to work all over the globe with staff, partners, and volunteers to gain greater knowledge on ocean and river pollution.

As the scope of work expanded, the team grew in direct correlation. We restructured and strengthened the Management Team with Chris Worp as Managing Director and continued to develop our internal practices and processes to better accommodate the evolving team.

As always, we are grateful for the continued support from individuals, companies, and governments who believe in our mission to rid the world's oceans of plastic. Our financial standing is sufficient to cover our fixed costs towards the end of next year, allowing us to focus our fundraising efforts on the need to cover the production of System 002 and the scale up of Interceptors.

MISSION AND PLANS

The Ocean Cleanup develops advanced technologies to rid the world's oceans of plastic. Our purpose is to drive the largest ocean cleanup in history by accumulating and removing vast amounts of ocean plastic with a fleet of passive systems, while simultaneously stemming the flow of plastic into the oceans via rivers. As a Dutch non-profit foundation, we are fully funded by external, mainly private contributions.

IMPORTANCE OF CLEANUP

Trash accumulates in five ocean garbage patches, the largest one being the Great Pacific Garbage Patch, located midway between Hawaii and California. If left to circulate, the plastic will not go away by itself and continues to increase in volume. The large debris can pose entanglement or choking hazards and will continue to fragment into dangerous, smaller (micro)plastics, further impacting the safety of marine life and its food chain, which includes humans.

Plastic in these patches is widely dispersed - going after it with conventional methods (vessels and nets) would not only be time and cost prohibitive but would likely increase

carbon emissions and the risk of by-catch. By utilizing natural ocean forces (from wind, waves, and currents) which cause a speed difference between the debris and the systems, the aim of our passive cleanup method is to concentrate the plastic to such a level that we can periodically extract it and return it to shore for recycling. By means of a fleet of cleanup systems, we aim to harvest 50% of the Great Pacific Garbage Patch every five years. Once fully deployed in the gyres, we aim to remove 90% of all ocean plastic by 2040. This ambitious goal can only be achieved if we also stem the flow of plastic from its main source: rivers.

Following years of scale model tests, (re)design work, and prototyping, in 2018, we launched our first ocean cleanup system. Although this first iteration proved successful in various ways, this design version was unable to effectively capture plastic and eventually suffered a structural failure, causing its early return to shore on December 31, 2018. Using the insights from this initial deployment, we began development of a smaller, modular cleanup system, System 001/B to be able to swiftly continue our testing under relevant conditions in the North Pacific. It was with this system that we were able to confirm the concept of passive plastic collection. Because of the modularity of System 001/B, we were also able to extend the lifetime of this system to conduct more tests. At the end of this trial period, we returned it to shore and began work on the next key step: designing a full scale, fully operational system: System 002. The aim is to develop a system that can effectively capture and retain plastic for long time periods; being the most crucial component for cost and carbon emissions, as the vessels collecting the trash have the greatest impact on

these two parameters. Therefore, if we can retain plastic for long intervals, then we can minimize the plastic collection frequency. This system will help us to learn more about our design and to further develop the next iterations of the technology (i.e. System 003), eventually working towards a blueprint for a fleet of system. We still have a long way to go, but we are continually learning by challenging our ideas and assumptions. We estimate that 1.15 – 2.41 million metric tons of plastic are entering the ocean each year from rivers. Most of that washes back on shore, while some sinks to the seabed near the coast. What is left is taken away by a combination of wind and currents and, only after a journey of a few years to potentially decades, ends up in one of five accumulation zones, known as gyres, which are created by vast, circulating currents in the subtropical zones of our oceans. Once caught in these accumulation zones, the plastic can no longer escape and it is there to stay, impacting ocean health for decades or possibly centuries to come.

One of the biggest, and most visible problems is the threat to the health and safety of marine life who interact with the plastic. Studies have shown that about 700 species (of which 117 are considered threatened) have interacted with marine debris, and 92% of these interactions are with plastic. Every piece of plastic can have detrimental effects on these animals. Large pieces of plastic pose entanglement and choking hazards. It is only a matter of time before the large debris breaks down into smaller and smaller pieces, which are often mistaken for food. At this point in time, just 8% of floating plastic mass in the Great Pacific Garbage Patch is microplastic (diameter <5 mm), while in terms of object count, 94% of the total is represented by microplastics. The amount of these tiny pieces is set to increase more than tenfold if the larger parts are left to degrade. Ingesting these small plastics can leave the animal feeling satiated without actual nutrients, thus leading to malnutrition, starvation and ultimately death.

Most of the plastic in the Great Pacific Garbage Patch has also been found to have toxic chemicals that can be transferred to the animal consuming it, only to pass this toxicity up the food chain, and eventually ending up in human diets – potentially transferring the toxins from the plastic onto the plates of seafood consumers. The plastic pollution causes financial burdens as well, costing economies up to $19 billion worldwide.

Approaches to solve the exponential growth of plastic accumulation in the oceans are manifold and complicated. The Ocean Cleanup, to serve its mission of ridding the world's oceans of plastic, has decided to focus on two: 1) to stem the influx of more plastic into ocean waters and 2) remediate the legacy pollution in the oceanic garbage patches. By doing so, we think best to do our part in halting further negative effects on marine life and subsequently human life. In order to prevent it from breaking down into smaller pieces over time, we must remove as much of the existing plastic stock in the oceans as quickly as possible. Fortunately, we see many initiatives (existing and emerging) that are focusing on, for example, beach cleanups, awareness programs aimed at behavioral change, and developing alternatives for the use of non-degradable plastic packaging that are also necessary and contributing to managing this global problem. All efforts that can help to reduce the amount of plastic that flows into the ocean are necessary and have our warmest support. None of these, however, will solve the current, persistent problem of hundreds of millions of kilograms of plastic pollution already in the oceanic accumulation zones.

This is where The Ocean Cleanup wants to contribute: by developing a safe, scalable, and efficient method to remove the plastic from these zones; and to be truly effective, we must also help to stop the continuous flow of plastic entering the oceans.

CLOSING THE TAP

Rivers are the arteries that carry waste into the ocean from land. According to a study conducted in collaboration with Deloitte and The Ocean Cleanup, yearly economic costs resulting from marine plastic are estimated to be between $6-19 billion globally. These costs stem from its impact on tourism, fisheries and aquaculture, and (governmental) cleanups; not including the impact on human health and the marine ecosystem (due to insufficient research available). It is important to have this snapshot of the consequences when dealing with plastic pollution, and this first indication of costs, enabling decision makers to compare the values of installing a technical solution that will largely avoid the downstream efforts.

Further research, which is currently under peer review, shows that approximately 1000 rivers are responsible for 80% of plastic flowing into the ocean from rivers. On October 26, 2019, we announced our solution to tackle this part of the problem by unveiling a project of ours which we had quietly been working on for four years.

Beginning in 2015, our team investigated the feasibility of river cleanup on a global scale. To help us achieve our ambitious goal of ridding the oceans of plastic, we needed a solution for rivers that was as equally immense – so, the idea of the Interceptor was born. After extensive testing in the Netherlands in 2018, Interceptor 001, the prototype design was installed in Jakarta, Indonesia in 2019 and later in the year Interceptor 002 was deployed in Klang, Malaysia. With the Interceptor program out in the open, we are looking to expand Interceptor operations all over the globe to help tackle the 1000 most polluting rivers, five years from the commencement of the scale-up phase. When we presented the Interceptor and shared our ambitions to tackle 1000 rivers, we were able to indicate the start to what will become an important pipeline; the next two projects (for which Interceptors are already built) will be in the Dominican Republic and in Vietnam. In addition, projects in LA County (USA) and Thailand could be announced. Having a working technology available, our river project is focused on gaining speed in manufacturing (utilizing a central production partner), developing local projects (with all challenges of building local partnerships), managing local implementations, permitting, and many other details that vary from location to location.

LEARNING BY DOING

At The Ocean Cleanup we believe in the power of iterative design and learning by doing. And we are prepared to accept an important consequence of this way of working, which is that sometimes things do not proceed as planned. In other words, when we encounter these ‘unscheduled’ learning moments, we manage to turn disappointments into opportunities; a process which has proven to be successful for us.

In 2019, our key learnings derived from:

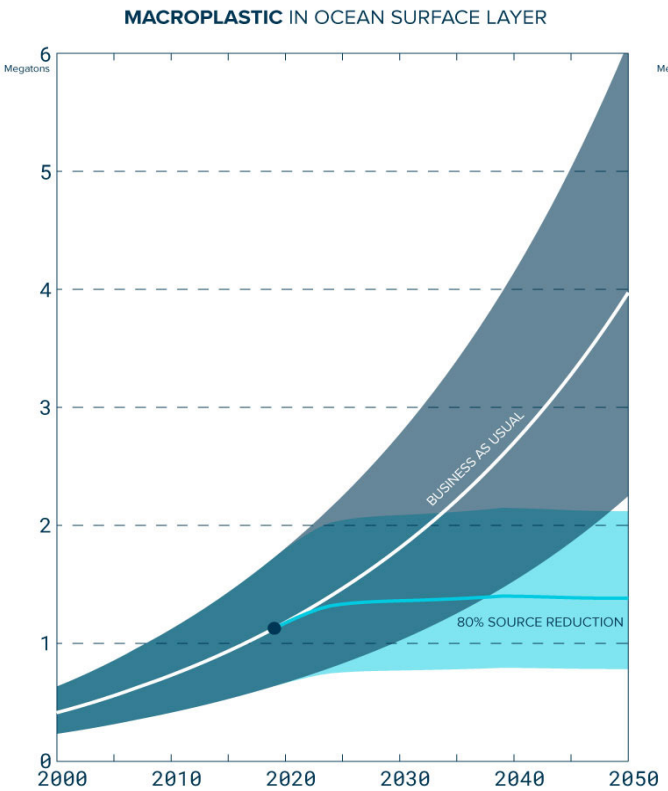
- Speed versus quality in project management, which lead to stricter procedures around management of change
- Complexity of local deployments (given novelty of plastic interception and need to build local partnerships on the other side of the world); causing us to improve structure and enforcement of the business development team
- Complexity of outsourcing; establishing partner management capabilities and clear processes with partners, resulting in strengthened general managerial capacity

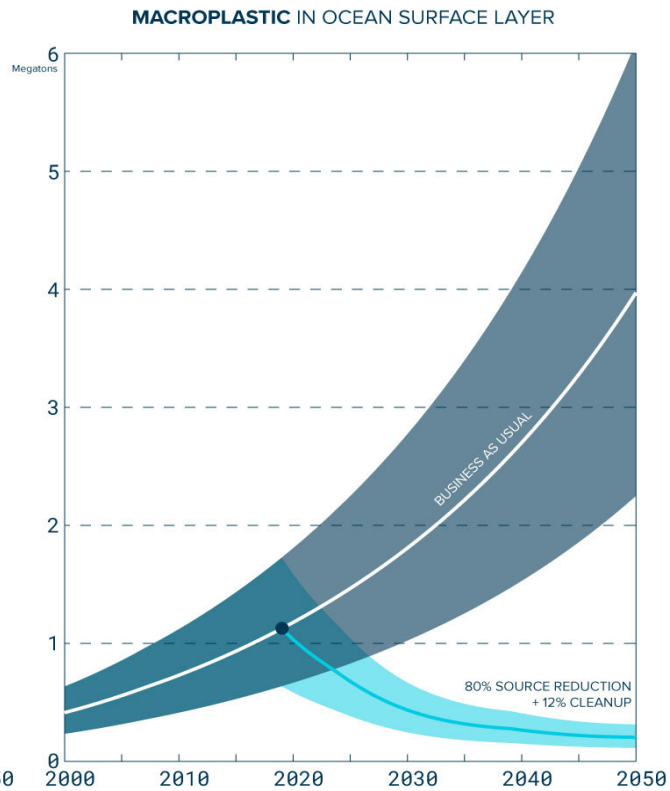
As another learning opportunity, we have started to bring more structure to the way we are processing deviations from planned outcomes, looking back and forward in time, each quarter, with an extended leadership team. A full end of year reflection on learnings and corrective actions will be performed, which will allow for a more detailed report on ‘learning by doing’ in the 2020 Annual Report.

UNDERSTANDING THE PROBLEM

Solving the problem of ocean plastic pollution is a challenge. It will take considerable efforts globally, from individuals to organizations to governments, to solve this problem. At The Ocean Cleanup, we think that if we are to accomplish the mission we set out on, we need to understand it to the best of our ability; this is why, since we established our organization, research has been at the core of our work.

Initial projects at The Ocean Cleanup were solely based on navigating this momentous task through expeditions and research endeavors. We have since published numerous papers, participate in worldwide scientific conferences and panels, and continually seek to know more about the situation at hand. 2019 was no different; our research team expanded, allowing us to cover a wider scope of initiatives, and we continue to put emphasis on this fundamental side of our work.





THE QUEST TO FIND MISSING OCEAN PLASTIC

In 2019, we published "A global mass budget for positively buoyant macroplastic debris in the ocean" in *Scientific Reports*. The study proposed a new explanation for the vast difference between plastic input into the world's oceans (several million metric tons) and that which is found floating at the sea surface (several hundred thousand metric tons). In our quest to find this "missing plastic", our research team simulated the age of plastic waste released into the ocean since the 1950s and compared it with samples collected in the North Pacific Ocean. By means of a simple box calculation model we sought to reconcile two paradoxical findings:

1. There was less plastic accumulated at the sea surface than anticipated, and
2. The observation of decades-old debris floating at sea.

The result from our model indicated to us that quantities of plastic leaking offshore must be smaller than previously predicted by our numerical models, eventually suggesting that the coastal environment acts as a filter, entrapping floating plastic waste.

Another important finding from this study is that there could be a lag of several decades between plastic discard into the marine environment and accumulation in offshore oceanic gyres. This leaves us to infer that the ocean plastic pollution accumulating in the garbage patches may be much more persistent than initially proposed, with only a small percentage of plastic mass, predicted by our model, degrading every year. These results lead us to the conclusion that both prevention and cleanup are necessary to drastically decrease ocean plastic pollution.

Understanding and quantifying emissions of plastic into the ocean as well the long-term fate of persistent legacy plastic at the surface is key to solving the missing plastic mystery and is the primary objective of our research team. Greater knowledge of plastic sources and transport will eventually allow our engineering teams to further the development of our ocean and river solutions.

RESEARCHING GLOBAL RIVER PLASTIC EMISSIONS

To determine the optimal locations for Interceptor deployments, it is crucial to know which rivers have the highest output of plastic. Therefore, the team developed a model to predict riverine plastic emissions. Using previously published models, newly available field data, and a new modelling approach, we found that riverine plastic emissions were spread across more rivers than previously thought. The conclusion is that 1,000 rivers are accountable for about 80% of plastic emissions (previous studies indicated between 10 and 20 rivers were accountable for as much as 90%). This study is currently under peer review and is essential for planning and executing manufacturing, business development, and engineering efforts for the Interceptor technology.

Alongside global modeling efforts, we executed more fieldwork campaigns to increase data on the quantity of plastic in rivers across the world, and to build on the understanding of the behavior of plastic in rivers. Field campaigns were performed in Guatemala, Dominican Republic, Jamaica, France, Malaysia, and the Philippines. This fieldwork is helping us to learn more about river plastic transport and see where there are deficits in the current knowledge. We will continue to conduct research and investigate riverine plastic in 2020.

GLOBAL ASSESSMENT OF FISHING GEAR LOSS IN THE OCEAN

Fishing gear represented nearly half (46%) of the mass of floating plastic accumulated in the Great Pacific Garbage Patch, according to our study published in 2018. This

leads us to believe that the contribution of marine-based emissions must be significant, and, yet, no reliable global estimates exist to date. In 2019, we experimented with citizen science to estimate loss rates of fishing gear in the marine environment. A crew of volunteers from all over the world joined our research team to conduct in-person surveys with local fisherman. This citizen science campaign was a success with new data collected on five continents. We hope to reiterate the experiment in 2020 to increase our database and establish a first estimate of plastic waste generated by the global fishing fleet.

ADVANCES IN REMOTE SENSING FOR PLASTIC POLLUTION

Our research and engineering crews are leading development of remote sensing technology for the detection of plastic waste in natural environments. We have been experimenting with cameras mounted on: vessels, unmanned aerial vehicles, bridges over rivers, and, in one case, a palm tree overlooking a bay in eastern Oahu (Hawaii) facing the Great Pacific Garbage Patch. Remote sensing will likely play an essential role in our activities over the next few years.

At present, we are training our in-house artificial intelligence algorithms using labeled footage of plastic waste accumulated in various places throughout the world; and to aerially track plastic, we are cooperating with research which is being conducted within the aerospace industry.

FIELD DATA ANALYSIS IN OUR LABORATORY

To meet our growing research needs and thanks to the generosity of the Rotterdam Zoo, we set up a new plastic research lab within the zoo's facilities. The new lab makes use of the existing infrastructure of the zoo's marine laboratory and, in combination with a Raman spectroscope in our office, this setup enables our research team to quickly and reliably process the samples collected during our various fieldwork expeditions in house.

By manually analyzing more than 12,000 plastic fragments collected during the System 001 operations in 2018, the team revealed the first observational evidence of the vertical transfer of plastic debris in the Great Pacific Garbage Patch into the underlying deep sea. The study, "First evidence of plastic fallout from the North Pacific Garbage Patch," was submitted to Scientific Reports and published on May 6, 2020.

NORTH PACIFIC MISSION OCTOBER 2019

Understanding the dispersal of floating ocean plastic is complicated due to various physical drivers, such as size, shape, and floatability, playing a more or less important role. As part of our sediment trap recovery mission in October 2019, our team collected samples from the sea surface across the eastern North Pacific Ocean to study possible correlations between floating plastic density and the presence of anti-cyclonic surface eddies (vortices of 50 to 200 km in diameter). Mesoscale ocean dynamics impact plastic debris distribution at the sea surface. The surface eddies were identified using satellite measurements of sea level anomalies. Although the recovery of the sediment trap was unsuccessful due to a failure of a master link in the mooring chain, our research team was able to collect valuable data on how floating plastic debris is distributed and transported horizontally within the Great Pacific Garbage Patch (i.e. on the patchiness of the patch). The samples are currently being analyzed by our researchers. The results will provide essential information for our engineers to improve the design of System 002 and to identify the prime deployment locations in the Great Pacific Garbage Patch.

ADDRESSING THE SOURCE: RIVERS

The Interceptor is The Ocean Cleanup's answer to river plastic waste. It is the first scalable solution to prevent plastic from entering the world's oceans from rivers. The technology is 100% solar-powered, extracts plastic autonomously, and is capable of operating in the majority of the world's most polluting rivers.

And for four years, The Ocean Cleanup had been covertly concepting and designing this technology until we could deliver a working solution. Once we had two systems deployed in Malaysia and Indonesia and two more ready for deployment in other polluted rivers, the time had come to unveil the second chapter of our plan to rid the oceans of plastic.

RIVER CLEANUP TECHNOLOGY DEVELOPMENT

Our team had long since been researching how to address the main source of ocean plastic pollution: rivers. While we were getting to grips with the scale of the Great Pacific Garbage Patch in 2015, we began researching rivers and potential methods to intercept waste, which led us to pursue options to solve this aspect of the problem.

With the contributions of the Adessium Foundation (the Netherlands), were able to keep this project under the radar, while having a dedicated team focus on this expansion.

Over the course of the next two years, we would concept and test various designs and functionalities. The design was split into several basic functions, of which concentration and extraction were the most prominent and were developed with help of dedicated subsystem tests. In these tests, several barrier options were tested, and various extraction methods were examined.

We tested ‘cage extraction’, where a cage hangs in the water catching debris; a ’beacher’, lifting debris from the water using a ‘rotating beam’ mechanism; and, lastly, a conveyor belt system catching debris and carrying it out of the water into the temporary storage units.

The testing led to the choice of the self-draining conveyor belt system. This conveyor system extracts a wide range of debris from the river, from very small to very large, which is then transported to the riverbank for further processing on land. It was with this design that we would commence assembly of our first river cleanup prototype.

INTERCEPTORS 001 - 004

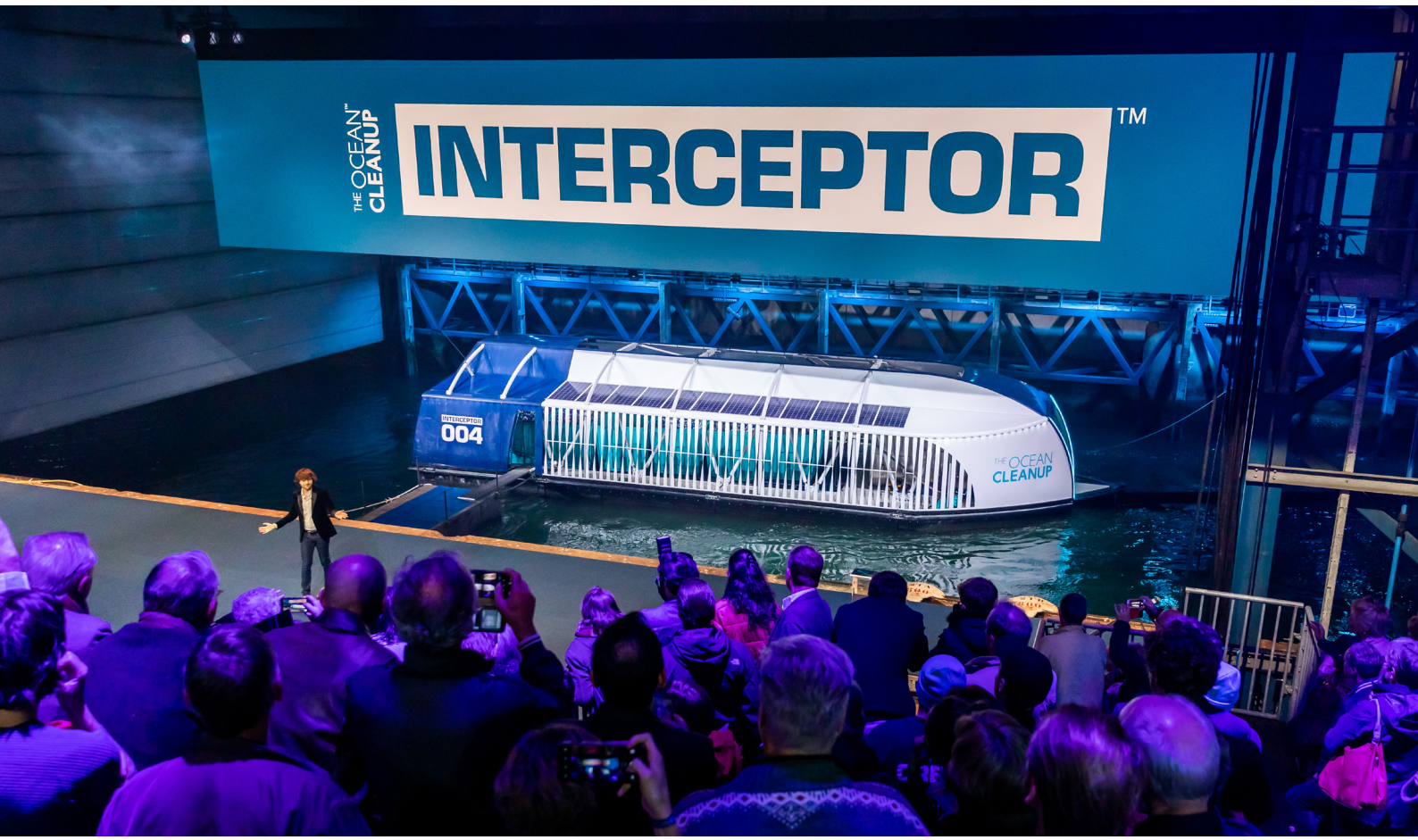
In October 2017, the prototype, Interceptor 001, was designed and built in collaboration with TME, a Dutch machine-building and engineering company. It was manufactured in Zwolle, Overijssel and then tested in Zuidland, Zuid Holland. Testing continued into Q1 2018, after which it was shipped to Indonesia and finally installed in Jakarta in 2019 after several months of delay. This was the result of operational challenges that come with local deployment (providing us with another unscheduled learning moment). In the first months of its operation, we learned a lot about its functionalities and improvement opportunities of the design. Because of our iterative design approach, we were already incorporating learnings from this prototype and had applied them to the next design version of the Interceptor (which can be seen on Interceptors 002 – 004).

This version of the Interceptor benefited from design updates to improve capacity and operational costs. The most crucial change was the replacement of the big bags used for storing debris with dumpsters, which eliminated a carousel mechanism used for distributing the debris to the bags. Instead, a shuttle conveyor was designed to distribute the catch over a row of six solid containers, improving reliability, as well as improving the working conditions for the people handling the waste. We also enlarged the capacity of the system to enable more debris to be extracted, the conveyor belt was made 1.5 times wider, and the storage capacity increased six-fold. Other changes included: improving hydrodynamics and stability and adapting the mooring configuration to allow stability in more diverse flow conditions

Assembly for Interceptor 002 commenced in July 2019 in Malaysia. After conducting case studies and working together with the local operator and government we were ready to install in the Klang River. We completed assembly at the beginning of August and towed Interceptor 002 to its deployment location on August 15, making this the second Interceptor to be fully operational in the world. At this point, talks were well underway for Interceptors 003 and 004 to be installed in Vietnam and the Dominican Republic, respectively.

PRESENTING THE RIVER PROJECT TO THE WORLD

Our ongoing research would reveal that 1000 rivers were responsible for 80% of the ocean plastic waste that was flowing from rivers; this understanding was crucial to determine where we should deploy Interceptors to have the greatest effect on closing the tap. With four Interceptors deployed or waiting for deployment, we were ready to investigate how we could scale up across the globe - and the best way to kickstart this ambition was a public unveiling.



It was important to showcase the functionality of the Interceptor at this event, so we required a location with access to water. Although this proved challenging, and was met with setbacks, we confirmed Broekman Logistics All Weather Terminal in Rotterdam. The terminal, which is usually used for importing bulk cargo from large vessels was transformed into a unique event location suited to meet our specific setup. On October 26, we welcomed our guests to witness the debut of the project and the recording of which has been viewed nearly two million times. Simultaneously, we debuted our extended website with all information on the Interceptor, our ambition to roll it out, and the model we plan to use to make that happen.

At this unveiling, we shared our plans to initiate Interceptor projects, and how we will work with local governments and river owners to obtain permission to operate. For execution, we will need to collaborate with local partners to operate the Interceptors and handle the waste management. Finally, the development of these consortia to make river cleanups possible, rely on funders, sponsors, and investors to accelerate deployment.

Overall, the media response to our presentation was positive and helped to drive global interest in this solution. The river project was finally public, and we could openly discuss our two-pronged approach to ridding the oceans of plastic.

MISSION ONE

When we launched System 001, or Wilson, in September of 2018, our primary goal was to confirm the passive cleanup concept. This was the first time we, or anyone, had ever taken on the challenge of cleaning the Great Pacific Garbage Patch.

And challenging it was; after being unable to successfully capture plastic (due to an inconsistent speed difference between the system and the plastic) and a structural failure, we returned Wilson to shore. But, with determination in our DNA, together with Temporary Works Design (TWD) and Mocean, we adapted the design; then in June 2019, we deployed a new, modified system, System 001/B. It was with this system that we confirmed that the system could capture plastic, leading us to start designing System 002, as the next step in development of a full scale, fully operational system. We expect to be conducting extensive testing and modeling before assembly for this newer learning system commences. After confirmation of the operational qualities of System 002, we hope to be able look even further ahead towards developing System 003 and, eventually, a fleet of systems that will be needed to first clean up the Great Pacific Garbage Patch, and the other oceanic gyres thereafter.

DEPLOYMENT OF SYSTEM 001/B

In June 2019, working with Van Island Plastic Factory (VIPF) and ISCO (piping solutions), we launched System 001/B from Vancouver Island. This system was smaller and modular for testing purposes. During its deployment we conducted a multitude of tests that primarily addressed the speed of the system. Over the course of the next several months, we would test speeding up the system with inflatable buoys and slowing down the system with a drogue anchor (parachute sea anchor). The slow down method proved to be successful, leading us to our next obstacle with this design: overtopping.

On the design of System 001/B, the screen was pulled forward in the system, creating a space between the floater and the screen line. Although we did not see this phenomenon with the speed-up method, but, when slowed down, plastic that would enter the system would sometimes pour over into this space, which we referred to as The Twilight Zone. Although The Twilight Zone was technically still within the boundaries of the system, there was no screen underneath the floater pipe; so, we could not consider this plastic caught because it was not securely retained in front of the screen. We swiftly overcame this challenge by increasing the size of the cork line that kept the screen afloat. It was with this adaptation that we were able to test and eventually confirm that this new configuration could successfully capture plastic from the Great Pacific Garbage Patch.

CONFIRMATION OF PLASTIC CATCH

Months of testing and adaptions to System 001/B led to us being able to conclude that System 001/B could effectively capture plastic. On October 2, we publicly announced this news as it was a pivotal moment in our journey to rid the oceans of plastic. Yet, despite these early successes there was still much work to do. With the knowledge and experience derived from the deployment of System 001/B, we could conclude the deployment of this system and look to developing the next iteration of our ocean cleanup design, which must focus on improved retention (that we were not able to test nor confirm with System 001/B) and long-term durability.

SYSTEM 001/B RETURNED TO SHORE, DECOMMISSIONED

After four and a half months in the Great Pacific Garbage Patch, System 001/B was brought back to land in November. The system was initially designed only for summer sea conditions (June – August), but, due to the adaptability of this design and thanks to some clever engineering and operational solutions, we managed to extend the deployment, allowing us to bring back more learnings and plastic out of the ocean. The Maersk Transporter with System 001/B in tow entered Duncan Bay on November 18 where the system was handed over to a local contractor for further handling. The system was removed from the water and, after detailed inspection, the floater found an efficient new home as a local water intake pipe. Other components of System 001/B were demobilized by the crew of the Maersk Transporter and stored for future operations.

INITIATE DESIGN PLANNING FOR SYSTEM 002

With the operations of System 001/B complete, the Oceans team entered the next phase of its system development program, designing System 002 – the next testing ocean cleanup system. The two focal points of the design update are those that we were not able to demonstrate with System 001/B: durability and long-term plastic retention – both of which are yet to be solved, but currently under investigation.

In short, this means that, if we are successful in redesign, System 002 should be able to operate in year-round conditions and capture and retain more plastic for extended time periods, allowing for less frequent extraction trips. We aim for both design updates to improve the performance of the system while minimizing the overall cost and the environmental footprint of our operations, eventually helping to create an even more efficient design for the follow up system.

In 2020, we will assess multiple component designs by conducting thorough engineering and testing. As part of this, we will perform extensive scale model tests to evaluate the optimal configurations to achieve our cleanup objectives. Once testing is finalized, we will choose the best combination of the components and proceed with the full system design phase for System 002. We expect that we will have System 002 ready for deployment in 2021.

SOLUTIONS FROM PROBLEMS: THE OCEAN CLEANUP PRODUCTS

An exciting by-product of our testing campaign with System 001/B was the plastic we retrieved from the Great Pacific Garbage Patch. This catch was returned to shore on December 2 and, in a livestreamed announcement, Founder and CEO, Boyan Slat shared our plans to transform this plastic into a beautiful, sustainable product.

It has been a plan of The Ocean Cleanup from the start to create a value chain based on our collected debris, with the aim of funding continued cleanup operations. The return to shore of the first plastic catch marked the beginning of this journey.

As this will be the first time it will be attempted to produce products fully made from plastic taken out from the middle of the ocean, the road ahead for the catch is likely not going to be without challenges. If all goes well, we expect to launch this premier product made from material collected in the Great Pacific Garbage Patch in the fall of 2020. Details of the product, pricing, and quantity are also set to be announced at this time. Supporters have been invited to sign up to get first access to the product with an initial 50 EUR/USD donation, also allowing them to follow the journey through behind the scenes videos of the process.

We will use this initial product launch to gauge if there is sufficient potential in this new business model, in which we use products to drive additional donations towards funding our ocean operations in a way that allows our fans and followers to visibly become an ambassador and take part in our mission. If we are successful in this journey, we aim to confirm that this material, which was once waste, has a value and is a credible revenue source, thereby helping to finance operations. Also, by offering such unique products, we are creating a new way to connect with our supporters.

VERIFICATION OF OCEAN ORIGIN

Currently, it is not compulsory for an independent, third party to verify that producer's material has been sourced from the ocean, meaning products labeled as "ocean plastic" may not actually be sourced from the ocean. To add further transparency to our work, the origin of the material used in The Ocean Cleanup's products will be independently verified by DNV GL, a leader in industry certifications. Since 2018, DNV GL has been developing a standard that allows the highest level of traceability possible, clarifies how ocean plastic is defined, and will bring transparency to this fast-growing market. This new standard will be open to all parties interested in ocean-plastic product certification and will ensure that the origin of recovered plastics is defined and verified, allowing consumers to have trust that the product they are purchasing was made from material removed from the ocean.

MITIGATING RISK

The Ocean Cleanup is trying to achieve something that has never been done before. Encountering risk is both logical and unavoidable when pioneering technology of this magnitude, which is why we work throughout the organization to identify and carefully manage all expected risks. Regulatory risk is addressed in cooperation with the Government of the Netherlands and in accordance with UNCLOS (the United Nations Convention for the Law of the Sea) regulations.

PROTECTING THE NATURAL ENVIRONMENT

Ensuring a healthy natural environment is one of the main drivers behind our work to rid the world's oceans of plastic. Our aim is to protect and benefit the natural environment to the best of our abilities. In our work from rivers to the oceans, we take added measures to aid in this intention.

For every Interceptor deployment, we have performed environmental and social impact assessments unique to the specific conditions in each river. Although the conclusions from those reports were negligible to minor impacts, we believe that the first Interceptors will help us to learn more about their behavior with the surrounding wildlife and environment. We continue to monitor and record occurrences of animal interaction and collected debris composition to inform the potential for mitigation measures.

When concepting System 001/B, we incorporated mitigation measures similar to System 001, such as the use of lights on the screen to deter marine fauna and performing continuous marine mammal monitoring. Throughout Mission One, we did not observe significant negative interactions between

our systems and marine life nor by-catch apart from some neustonic organisms. On Twitter, concerns were raised that our efforts could extinguish species of neuston and, although our environmental impact assessment concluded our activity would not have any significant impact on population levels, we agreed that there is insufficient data available on some of the specific neuston to report on this quantitatively. Therefore, during our scientific expedition in Q4 of 2019, we collected samples from within the Great Pacific Garbage Patch as well as outside of this region to investigate how the presence of different neuston species vary across areas with diverse concentrations of floating plastic debris. Results should be available in 2020 and we will respond accordingly to the findings. When we are back in the North Pacific, we will continue to sample and monitor neuston to increase our understanding of this complex ecosystem. Additionally, once we finalize the design changes for System 002, we will conduct another environmental impact assessment and develop a bespoke monitoring program to have a better understanding of impact before developing subsequent systems and, eventually, scaling up.

HEALTH AND SAFETY

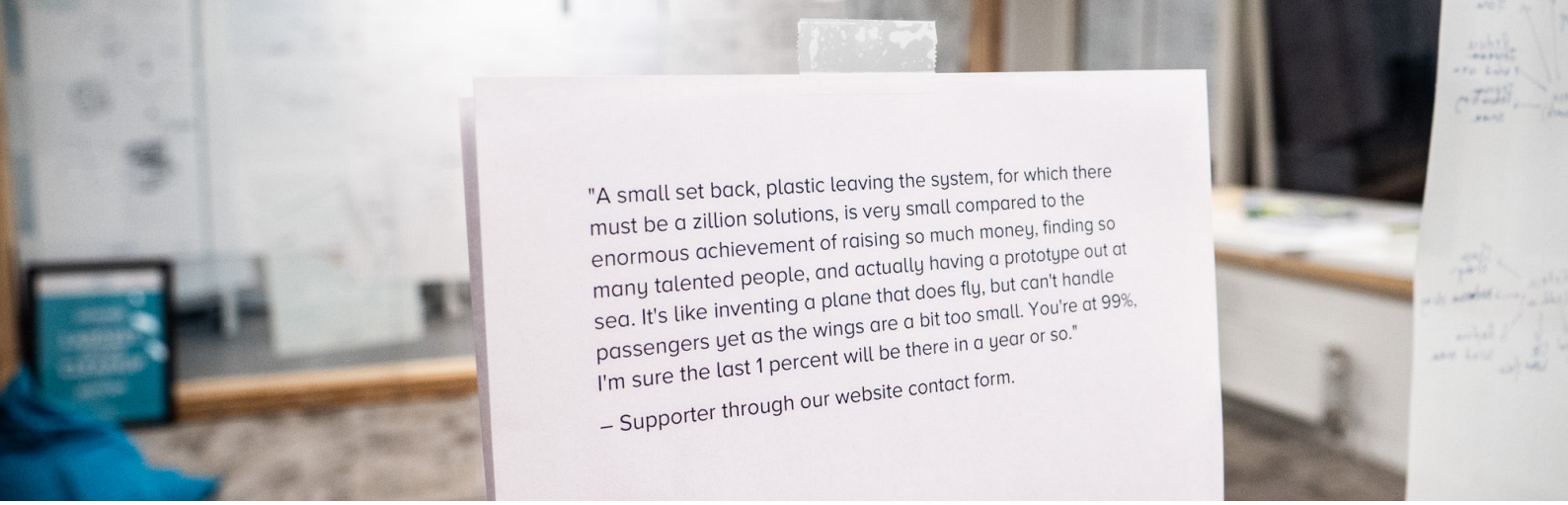
We continued to improve our health and safety standards to meet the demands of our growing organization and as our activities diversified all over the globe. Thanks to our assembly contractor in Vancouver, no incidents were recorded during the construction of System 001/B. When offshore, our trusted partner Maersk lead all activities and interventions, where no incidents were recorded either. That said, a ghostnet did get lodged in the propeller of the Maersk Transporter, but it was safely disentangled and further validated the necessity of our mission.

In Malaysia, during assembly of Interceptor 002, one minor incident occurred (first aid injury) while installing the barrier in the Klang River. Interceptor 004, which was docked in the Netherlands and used for demonstrations, had frequent visitors and, during one of these tours, a first aid injury was also documented. These minor incidents were not taken lightly, causing us to address protocols and strengthen our resolve to work with reputable partners in the assembly and installation of Interceptors to ensure all is done safely. Additionally, these lessons learned resulted in adaptions to the design of the next generation of the Interceptor.

Because of the international nature of our work, traveling to various locations is needed to conduct research, engage with stakeholders, or work on our systems. This travel is considered one of the highest risks to our staff's health and safety; and so, we implemented the services of International SOS to support us in travel preparations 24/7 travel assistance, and training for our traveling team members.

DEVELOPING A COMPREHENSIVE RISK APPROACH

We systematically prioritize the risks to our mission according to likelihood and potential impact. This allows us to appropriately manage the essential mitigating actions, systems, and processes and to obtain insurance coverage where required. Risks covered include those connected to partners, brand and reputation, political and compliance, funding, technology, fraud and bribery, health and safety, crew retention, data security, environmental and social impact, governance, strategy, and certainty of execution. Risks and mitigating management actions are reviewed, assessed for favorable or unfavorable trends, and prioritized on a monthly basis with the involvement of the complete Extended Management Team to ensure awareness and ownership.



STAKEHOLDER MANAGEMENT

As the scale of The Ocean Cleanup's activities grows, so does the need to work effectively with commercial and operational partners, governmental and related organizations. In 2019, our stakeholder management grew even further to give appropriate attention to other vested parties, such as our online community. The Ocean Cleanup deeply values our supporters because we are only as strong as the community behind us. This last year we anticipated and increased engagement to build and develop our relationships and strengthen our bond with new and seasoned followers.

PUBLIC AND GOVERNMENT AFFAIRS

2019 marked a significant shift from oceans to rivers in respect to our government-related activity. Buildup to the global announcement of the Interceptor on October 26 led to productive discussions enabling Malaysia to join Indonesia as one of the first launching countries. Meanwhile, multi-tiered discussions in California culminated in the simultaneous agreement to run a pilot project over two storm seasons in Los Angeles County.

The impact of the global unveiling triggered interest in potential partnerships all over the world. The Ocean Cleanup needed to manage this activity carefully to ensure the most effective advancement in our goal of tackling the 1000 most polluting rivers in a minimal timespan.

Support from the government of the Kingdom of the Netherlands remained crucial across our agenda, including a report to the International Maritime Organization's Marine Environment Protection Committee in May and an accompanying presentation by Boyan to its members.

We remain very grateful for the extensive pro-bono support in legal and public affairs matters from our partners De Brauw (the Netherlands), Latham & Watkins (USA), and Blakes (Canada).

COMMUNITY MANAGEMENT

To manage our growing global movement, it became evident our approach to engaging with our online supporters needed to evolve. In October 2019, The Ocean Cleanup teamed up with an experienced community management and service agency, RIFF Online, to implement and execute a new and improved way of working with our community.

Throughout Q4, The Ocean Cleanup onboarded the external RIFF Online team, who helped us improve our processes, handle all incoming emails and social media contact, and manage high volumes of engagement for our two live events. These efforts, combined with collected data and newly implemented monitoring for brand risk and growth opportunities, increased the quality and frequency of our engagements and improved our response time.

Managing relationships with our supporters is a top priority and plays a major role in The Ocean Cleanup's future success. We are very grateful for the discounted support of RIFF Online and the progress they helped us achieve this year.

ORGANIZATIONAL DEVELOPMENT

In 2019, our organization continued to grow while introducing more structure and professionalism. In doing so, we took special care to retain the innovative culture of The Ocean Cleanup. We feel that we can only realize our ambitions in an environment of freedom and responsibility. To safeguard against any type of misconduct or fraud, we maintain a baseline of standard procedures, guidelines, and ethics standards.

REMUNERATION POLICY

The remuneration policy for employees (including executive management) considers that all income comes from donations and is benchmarked with that of other Dutch nonprofit organizations. Intrinsic motivation to work on this ambitious and meaningful mission is the major factor driving people to join The Ocean Cleanup. In 2019, a program with Korn Ferry and 'Goede Doelen Nederland' (Netherlands Charities) was initiated to recalibrate the organization's salary grid and implement a system based on the Hay Job Evaluation method of remuneration grading, completion and roll out to take place in 2020.

STAFFING AND GOVERNANCE

Our success depends on working with bright international minds in professions such as engineering, computational modeling, oceanography, and marine biology. At the close of 2019, our team consisted of 102 crew members from 21 nations, representing 88 full time employees (FTE). We also continue to benefit from the support of motivated and skilled volunteers while expanding our network through engineering partnerships, research institutes, and expert professional advisors; new ideas and constructive feedback from outside sources such as these are crucial for the work we do.

The Ocean Cleanup actively collaborates with universities and institutions around the world to ensure a high standard of scientific work, including: TU Delft, University of Miami, Utrecht University, University of Oldenburg, ETH Zurich, University of the Aegean, Can Tho University, Ho Chi Minh University, University of Hawaii at Mānoa, Hawaii Pacific University, Oxford University, UFZ Leipzig, Universidad Autónoma de Santo Domingo, The University of West Indies at Mona, UCSD Scripps, and the Royal Netherlands Institute for Sea Research (NIOZ). We also seek independent counsel from our Scientific Advisory Board. Established in 2016, the board is composed of independent external advisors who contribute within their field of expertise to contribute to and challenge The Ocean Cleanup's designs and strategies.

The foundation has an Executive Director (CEO), Boyan Slat, who leads the four-person management team with Chris Worp (Managing Director), Lonneke Holierhoek (Director of Operations) and Jos Huijbregts (CFO). Additionally, an Extended Management Team was implemented, consisting of Rutger de Witt Wijnen (General Counsel), Joost Dubois (Communications Director), Henk van Dalen (Oceans Director), Chris Worp (Rivers Director, ad interim), Leonardo Avezzano (Valorization Director), and Josée Meiners (HR Director).

In line with the standard two-tier system in continental Europe, executive management is separate from the non-executive supervisory role. The Supervisory Board consists of at least three persons. Its members hold management accountable for all major decisions (which can only be implemented with the Supervisory Board's approval). The supervisors also act as a sounding board for the management team.

Compliance for our US-based foundation, The Ocean Cleanup North Pacific Foundation is a registered 501(c)(3) and remains governed by our US Board of Directors, consisting of Boyan Slat, Jos Huijbregts, Lonneke Holierhoek, Carl van der Zandt, Mark Hawkins, and USCG Vice Admiral Rob Parker (retired).

FINANCIAL PERFORMANCE

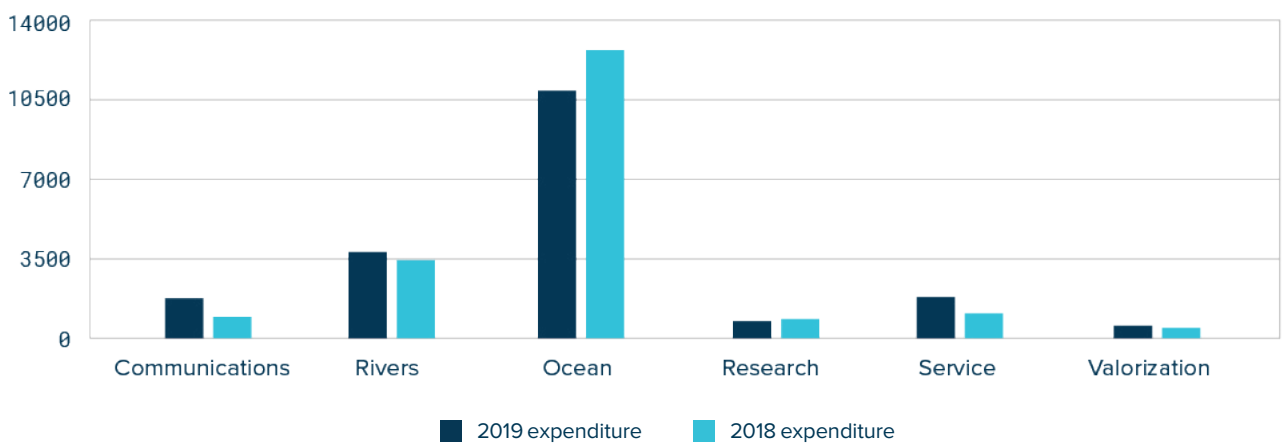
Financial developments in 2019 were favorable with costs remaining similar year-on-year due to a more phased development approach. Meanwhile, donations increased by €10M, totaling €32.8M, resulting from to substantial financial support from the general public through our website and social media.

We closed the year with our cash position at €34.6M, €10M more than the previous year. Donations from the general public where exceptionally high at €25.6M, with an unexpected boost of donations through Facebook (Facebook birthday fundraisers) gaining momentum over the summer and continuing well into Q4. As such, grants over €50,000 contributed to €7M, compared to €18.2M in 2018.

Costs were €20M, slightly up by €0.5M from the previous year. HR costs increased by €1.2M (25%) due to the build-up of our team to 88 FTE (up 20%) by the end of the year. The increase was needed for preparing the roll-out of river Interceptors and for adding communications capacity to enable the production of river related content and to strengthen interaction with the general public. Operational spending fell by €1.4M with the more cost-efficient, modular ocean system, System 001/B reducing procurement costs of system components, offset against increased spending in preparation for the scale-up of the river Interceptors project. The increased size of our team in turn increased spending on general and support costs (for housing and IT, by €0.2M) and on travel (by €0.3M, included in Operational Costs).

Looking forward to 2020 we anticipate disruptions due the COVID-19 pandemic. Donations will be affected as some of our donors will shift their focus, experience financial distress, or require more due diligence before committing. Meetings will be cancelled or delayed. Spending will slow as projects are pushed back further because of travel restrictions and lockdowns affecting both our own operations and those of our partners. According to economic forecasts, a downturn is expected as fallout of the pandemic, which will likely directly impact direct donations. This understanding has led us to reduce our initial spending budget for 2020 by €3.4M (17%) to €16.3M and reduce our income budget by €2.6M (15%) to €15M (45% of 2019 income). As matters progress, we will closely monitor both income and operational progress and adjust cost commitments if needed. That said, our healthy cash position leaves us confident that we can carry through our intended activities steadily into the next 12 months.

EXPENDITURE BY DEPARTMENT



THE PLAN FOR 2020

2020 will be a year of continued testing and development for our ocean technology, while we prepare for scale up in rivers and launching the first product made of verified ocean plastic. That said, complications created from the COVID-19 pandemic are likely to have a lasting effect on operations for the entire world, including The Ocean Cleanup.

The Oceans team will spend a significant part of 2020 concepting and testing the design for System 002, to eliminate as much risk as realistically possible prior to commencing the Engineering Procurement Phase (EPC). If we are successful, we will have a fully redesigned ocean cleanup system in the water in early- to mid-2021 to start testing the improved approach to retention, and with sufficient confidence to leave it out in the North Pacific to survive the winter months of 2021-'22.

Interest in Interceptors continues to grow, and we are in talks with governments and stakeholders all over the world to work our way to scale up. Since the speed of manufacturing scale-up and roll-out is heavily affected by the ongoing COVID-19 pandemic, it is hard, or even impossible to make any productions on expected progress in 2020. As we continue to work on the updates to the Interceptor technology, we want to ensure the technology is ready for full scale roll out; therefore, we are taking more time to finalize details in the next design version, as well as the manufacturing and supply chain processes. We are still looking forward to having multiple deployments in 2021, and, once scale-up has commenced, to also begin regular reporting on the progress of trash removed from rivers.

Meanwhile, we will continue to research the problem of ocean plastic pollution from the source to offshore. We expect several papers to be published in 2020 to expand on the available knowledge for the scientific community and help us work towards our goal.

Although COVID-19 is a topic which will likely be covered extensively in the 2020 Annual Report, it should not go unmentioned that it will and is having impacts on our activities even as we report for 2019. That said, our team continues to work towards our mission, which is as critical as ever.

Financially, our capital standing is sufficient to cover all operations for 2020 and core operations for 2021, allowing us to apply most new fundraising to System 002 and scaling up in rivers. The COVID-19 crisis is leading us to adapt and moderate our spending to mitigate potentially lower donations.

A WORD OF THANKS

With every milestone, The Ocean Cleanup takes one step closer towards our goal of ridding the oceans of plastic and we remain grateful for the foundation that was laid by our supporters through the initial crowdfunding campaign in 2013. To this day, we remain humbled by the generosity of private donors, corporations, and philanthropists who provide us with monetary and in-kind contributions to help us achieve our goals.

This was yet another exciting year for The Ocean Cleanup and we would like to give a special word of thanks to our major contributors who continually have provided us with incredible support; this would include charitable organizations like Adessium Foundation, The Ilsababy Foundation, The Bennink Foundation, Julius Baer Foundation, the Macquarie Group Foundation, J.W. Couch Foundation, Change Happens Foundation, and various partners via Goldman Sachs Gives; and other partners including Maersk, Latham & Watkins, Deloitte, De Brauw Blackstone Westbroek, Blakes, Boskalis, AkzoNobel, DSM, Brabantia, Globus, Euromonitor, IMC, and the Dutch government. Several prominent and benevolent funders wish to remain anonymous. We respect and admire this and would nonetheless like to formally express our appreciation for their support.

The successful unveiling of the Interceptor and presentation of our river project was possible with the activities and support of Globus World of Brands, Broekman Logistics, Svitzer, NEP, JUR, The Netherlands ministry of Infrastructure and Water Management, The Netherlands Ministry of Foreign Affairs, The Netherlands Ministry of Defense, The City of Rotterdam, Veiligheidsregio Rotterdam-Rijnmond, Brandweer Rotterdam, volunteers, and, last but certainly not least, The Ocean Cleanup crew.

Telling the visual story of The Ocean Cleanup requires a keen eye and a willingness to follow our journey wherever that may go – marathon hot house sessions, polluted rivers, laboratories, the middle of the Great Pacific Garbage Patch, and everywhere else in between. Thanks to the dedicated photographers and videographers who have helped to beautifully capture our story along this journey; especially those whose images have been selected for this document: Florent Beauverd, Dan van der Kooy, Pierre Augier, Dominic Locher, Joel Schat, Archie Short, Quentin Sixdeniers, and Yvette de Wit.

As always, we extend a special word of thanks to our critics. We value and respect the perspectives they share, as they help us see our work from a different angle and keep our minds sharp. Their input is always first considered to be in the interest of achieving the shared goal of cleaner, healthier oceans.

We are also grateful for our many online supporters who spread the word of The Ocean Cleanup by simply liking our pages and sharing our updates.

Finally, and most of all, we would like to thank the many thousands of individuals whose support, financial or otherwise, has helped to create the conditions for a successful cleanup.

REPORT OF THE SUPERVISORY BOARD

INTRODUCTION

The Ocean Cleanup develops advanced technologies to rid the oceans of plastic. The Supervisory Board's (SB) role within this mission is to assist where possible and to apply checks and balances for the Management Team of The Ocean Cleanup.

The SB convened nine times for board meetings during 2019, five of which were called to address specific topics such as contracts and budget-related approvals. The SB also joined numerous ad hoc meetings and calls with the Management Team, employees of The Ocean Cleanup, or external advisors. The scheduled quarterly SB meetings cover selected topics for in-depth discussions such as budget or strategy, as well as updates on a wide range of issues. These include environmental impact assessments, health and safety of people, stakeholder management, but also developments and progress of all the teams of The Ocean Cleanup: Oceans, Rivers, Recycling, Valorization, Research, HR, Finance, Funding, and Communications.

KEY DEVELOPMENTS

2019 can be summarized as a year of reflection, continued technological development, and announcements.

Wilson's material failure at the end of 2018 emphasized the scale of the challenge that The Ocean Cleanup has the ambition to solve. It offered the team, the management, and the SB some valuable insights. Wilson was the first test of its kind, hundreds of nautical miles offshore and in the harshest conditions. Preparations for the trials were exhaustive and were thoroughly reviewed and occasionally challenged during the many meetings and calls between management and the SB leading up to the launch. Ultimately, unpredicted fatigue loads forced The Ocean Cleanup to salvage Wilson and reconsider its approach.

After considering cost control, risk management, and all the lessons learned from the Wilson campaign, the team proposed an alternative approach to offshore operations. In March 2019, the SB endorsed the concept of a Minimum Viable Product (MVP) that would test the key design parameters of the system in the North Pacific. Dubbed System 001/B, it was tested for more than four months in the Great Pacific Garbage Patch, further than 1,000 nautical miles from the nearest coast. This pioneering trial provided The Ocean Cleanup with invaluable insights on methods to impact the system's speed relative to ocean plastic. System 001/B succeeded where Wilson had not, capturing offshore plastic that was subsequently extracted and returned to shore. This plastic represents a base material for further analysis and processing into new sustainable products. The SB shares the team's satisfaction at these results, while highlighting that the crucial issue of plastic retention has not yet been resolved.

Despite the success of the MVP test in the Pacific, the SB is mindful of the significant gap between System 001/B and a fully functional scaled-up system. Narrowing this gap will be addressed in the next version of the ocean system: System 002, which is anticipated to be significantly closer to a replicable, full-scale, operational solution that can be deployed in the major gyres of the world's oceans to rid them of plastic.

On the 26th of October, The Ocean Cleanup announced its ambition to expand its activities to intercepting plastic pollution in rivers, a major source of ocean plastic. The Interceptor was unveiled in Rotterdam with the news that two machines were already operational and catching plastic in Malaysia and Indonesia, and that Letters of Intent had also been signed for further deployments in Vietnam, the Dominican Republic, LA County (USA), and Thailand. The SB consented that the first three pilot Interceptors should be financed from The Ocean Cleanup's development budget,

to accelerate deployments, and to be able to learn from and keep control of implementation processes. Besides a small number of technical issues, the major hurdles in deploying Interceptors have proven to be permits and logistics. The SB shares the management's hope that selecting a major supplier for the production and installation of Interceptors will help to overcome these difficulties and contribute to a large scale-up of river activities.

The SB has remained well apprised of The Ocean Cleanup's communication and PR efforts. These are key to managing the brand and reputation of the organization and must account for its high profile and its multiple and international stakeholders. Increasing public understanding and awareness of our work has played a major role in driving funding and assuring goodwill from corporate and government partners. The SB continues to endorse a candid and transparent approach to communications, sharing our results while placing these in the context of the long and winding path that can lead us to success.

2019 was a successful year with regards to fundraising, building on the results from 2018. The professionalism and the dedication of the Communications team played a major role in attracting small donations across online platforms and social media. Significant larger donations were also made by private institutions and foundations that support our mission and believe in our potential. The SB continues to encourage and assist the Management Team in addressing the organization's long-term financial needs and has a comprehensive network of relevant contacts that can further these goals. The SB also closely follow the efforts to develop materials and products from extracted ocean plastic, the sale of which can contribute towards The Ocean Cleanup's future income.

The SB continues to endorse the ocean and river research efforts of The Ocean Cleanup. A deeper understanding of plastic pollution, how it spreads across environments and affects our planet is essential to developing methods to trace, catch, and recycle it. The organization's research teams published several scientific papers in leading journals during 2019, and their findings offer guidance to The Ocean Cleanup and others in their approach to tackling the issue of plastic pollution. Abstracts of these papers can be found on the website of The Ocean Cleanup with links to the original articles.

RE-APPOINTMENT

The tenure of Frederik Gerner as (acting) SB Chairman ended on the July 17, 2019. His technical background, network, professional experience, and enthusiasm have been an invaluable contribution to the organization during the past years, and he was unanimously reelected for a second four-year term. We look forward to his continued support and advice.

The SB will retain its current composition (the undersigned) in 2020, supported by Senior Advisor Feike Sijbesma.

COVID-19

COVID-19 has caused enormous disruptions in societies across the world. The short- and long-term impacts on health, healthcare services, businesses and the economy remain uncertain at the time of writing this report. The Ocean Cleanup swiftly adopted measures and guidelines to lower the chance of infection among its employees. In close communication with the SB, the Management Team has defined different scenarios on which to base management decisions going forward. The impact of COVID-19 continues to be carefully monitored and will be a fixed agenda item during formal and informal meetings between the Management Team and the SB.

Funding The Ocean Cleanup's activities may become more challenging during and after the pandemic. However, even in the direst financial scenario wherein fundraising virtually dries up over an extended period of time, the organization's cash position allows sufficient room to cover the projections for 2020 as well as a substantial part of operations in 2021.

AUDIT

The Management Team prepared this annual report for 2019, including the financial statements, and submitted these to the SB. These were adopted and approved on the May 28, 2020 by the SB. EY – who were approved by the SB as auditors for the 2019 financials – have audited the financial statements and issued an unqualified opinion, as published in this Annual Report.

CONCLUSION

Ridding the world's oceans of plastic is an extremely ambitious goal, and The Ocean Cleanup will undoubtedly face more iterations and setbacks on its path to success. Much has been accomplished, yet a lot remains to be achieved. It is within this context that the SB wishes to express its admiration for the team of The Ocean Cleanup. These bright, motivated, and hard-working individuals have continued to show dedication and resilience as they have worked on the organization's tasks. They have overcome challenges and have faced difficult and complex decisions as they get closer to finding solutions. The SB has thoroughly enjoyed collaborating with this team and its management and feels proud to have contributed in their own way towards these meaningful goals.

We would also like to express our profound gratitude to the many advisors, companies, and individuals who continue to support The Ocean Cleanup with pro bono or discounted assistance. Last but not least, we must acknowledge and give thanks to all the volunteers, employees and management, funders, partners, and supporters for their invaluable contributions in time, knowledge, network, or resources to our mission: to rid the world's oceans of plastic.

The Supervisory Board,
Frederik Gerner
Evert Greup
Chris van der Vorm

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

Assets						
Eur000's	**Note**		**2019**		**2018**	
Fixed Assets	5	Tangible fixed assets	629		802	
	6	Financial fixed assets	1.632		-	
				2.261		**802**
Short Term Receivables	7	Debtors	1.284		1.694	
	8	Other receivables and prepayments	447		21	
	9	Tax and social security	402		658	
				2.133		**2.373**
Cash	10	Cash at banks	34.633		24.646	
				34.633		**24.646**
Total Assets				**39.027**		**27.821**

Liabilities & Reserves						
Eur000's	**Note**		**2019**		**2018**	
Reserves	11	General reserve	30.774		17.970	
		Foreign currency translation reserve	30		19	
				30.804		**17.989**
Short Term Liabilities		Creditors	529		1.490	
	12	Tax and social security	152		63	
	13	Other liabilities and accrued expenses	7.542		8.279	
				8.223		**9.832**
Total Liabilities & Reserves				**39.027**		**27.821**

CONSOLIDATED STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2019

Income				
Eur000's	**Note**		**2019**	**2018**
		Donations	32.369	22.626
		Donations in kind	449	215
		Reimbursements and other income	25	23
Total Income			**32.843**	**22.864**

Expenses				
Eur000's	**Note**		**2019**	**2018**
	14	Human resources	6.042	4.780
	15	Operational costs	12.668	14.022
	16	General & support costs	925	711
	17	Depreciation and impairments	364	111
	18	Financial income and expenses	40	(30)
Total Expenses			**20.039**	**19.595**
Result*			**12.803**	**3.269**

Appropriation of result*				
Eur000's	**Note**		**2019**	**2018**
		Addition/(Release)		
	11	General reserve	12.803	3.269
		Dedicated funds	-	-
Result*			**12.803**	**3.269**

* The result shown above is not intended to represent an economic gain or loss, but merely reflects a timing difference between income and spending - as the nature of the foundation requires that over time all income will be spent on developing and applying technology to rid the oceans of plastic pollution.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

Cash flow from operating activities				
Eur000's	**2019**		**2018**	
Net result		12.803		3.269
Adjustments for:				
Depreciation and impairment		364		111
Receivable from a multi-year promise to give		(1.632)		-
		11.535		**3.380**
Movements in working capital:				
Short term receivables	241		(812)	
Short term liabilities	(1.608)		9.252	
		(1.367)		**8.440**
Net cash generated from operating activitities		**10.168**		**11.820**

Cash flow from investment activities				
Investments in tangible fixed assets	(191)		(840)	
Net cash generated from investment activities		**(191)**		**(840)**

Cash flow from financing activities				
Net cash generated from financing activities	-		-	
Net cash flows		**9.977**		**10.980**

Net cash flows		
The movement in cash at banks can be broken down as follows:		
Balance at 1 January	24.646	13.647
Movements during the financial year	9.977	10.980
Effect of exchange rate on cash	10	18
Balance as at 31 December	**34.633**	**24.646**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL NOTES

1.1 Activities, registered office, legal form and registration number at the chamber of commerce

Stichting The Ocean Cleanup ('the Foundation') was incorporated on February 15, 2013 and has its registered seat in Rotterdam. The Foundation is registered at the Chamber of Commerce under the number 57262632. Stichting The Ocean Cleanup is a non-profit organization and recognized as an ANBI (Algemene Nut Beogende Instelling) by the Dutch Tax Authorities.

The objects of the Foundation are to:

a. Develop and apply technologies (directly as well as indirectly) to remove plastic pollution from the oceans/seas on a large scale;
b. Develop and apply technologies (directly as well as indirectly) to remove plastic pollution from waste streams on a smaller scale, to prevent it from reaching the oceans/seas;
c. Increase social awareness of plastic pollution of the marine environment;
d. Incorporate, participate in any way whatsoever, manage and supervise interests in enterprises, businesses, companies and other legal entities, if and insofar as this is necessary to achieve and promote the objective as mentioned under a., b., and c., and other acts and things which in the broadest sense relate or may be conducive to the aforesaid objects.

The Foundation's financial year coincides with the calendar year.

1.2 Consolidation

The consolidated financial information includes the financial information of the Foundation, its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which the Foundation exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly from the balance sheet date are also taken into account.

Group companies and other entities in which the Foundation exercises control or whose central management it conducts are consolidated in full. Participating interests in group equity and group result are disclosed separately.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realized through transactions with third parties. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

The consolidated companies are listed below:

- The Ocean Cleanup Technologies B.V., the Netherlands (100%)
- The Ocean Cleanup Projects B.V., the Netherlands (100%)
- The Ocean Cleanup Interception B.V., the Netherlands (100%)
- The Ocean Cleanup Operations B.V., the Netherlands (100%)
- The Ocean Cleanup North Pacific Foundation, California USA (100%)

The objectives of the consolidated companies are as follows:

- The Ocean Cleanup Technologies B.V. acts as an intermediate holding company in the group and holds the rights to the intellectual property developed for use by the
- group and IT hardware.
- The Ocean Cleanup Projects B.V. develops and builds the ocean cleaning systems and manages the high sea operations.
- The Ocean Cleanup Interceptions B.V. provides research and development of apparatus capable of physically extracting and buffering plastic debris from various aquatic ecosystems.
- The Ocean Cleanup Operations B.V. provides the workforce to the group where necessary.
- The Ocean Cleanup North Pacific Foundation is based in the United States of America and is a registered 501(c)(3) non-profit foundation. It obtains funding from the USA and manages the group's onshore operations in the USA.

All consolidated companies are managed by Stichting The Ocean Cleanup's management team.

1.3 Accounting policies for the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash, are not recognized in the cash flow statement.

2. GENERAL ACCOUNTING POLICIES

2.1 General

The financial statements are drawn up in accordance with Dutch Generally Accepted Accounting Principles - Standard 640 'Nonprofit organizations'.

Assets and liabilities are generally valued at historical cost. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, statement of income and expenses and the cash flow statement, references are made 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. In the current year, the detail of the accounting policy for donations in kind has been elaborated on, however this has not impacted the results of the previous year.

2.3 Foreign currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Foundation.

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the statement of income and expenses.

Assets and liabilities, income and expenses of consolidated companies with a functional currency different from the presentation currency are translated at the closing rate of exchange prevailing at the balance sheet date. Income and expenses of consolidated companies with a functional currency different from the presentation currency are translated at the average rate of exchange during the reporting period. Any resulting exchange differences are taken directly to the foreign currency translation reserve within the equity reserves.

3. ACCOUNTING POLICIES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

3.1 Tangible assets

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

The useful life of asset categories are as follows:

- Office and office equipment – 3 years (average).
- IT Equipment average – 3 years (average).
- Project equipment average of 3 years (average).

3.1 Financial fixed assets

3.1.1 Participations

Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence. The net asset value is calculated in accordance with the accounting principles that apply for these financial statements.

If the valuation of an associate based on the net asset value is negative, it will be stated at nil. If and insofar as the Foundation can be held fully or partially liable for the debts of the associate, or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

The amount by which the carrying amount of the associate has changed since the previous financial statements as a result of the net result achieved by the associate is separately recognized in the statement of income and expenses.

3.2 Accounts receivable

Accounts receivable are stated at nominal value less a provision for bad debts, as required.

3.3 General reserves and dedicated funds

The donations received are expected to cover future costs. Donations are deemed to have a dedicated benefit, when they are donated and earmarked to help realize a certain project. These are categorized as dedicated funds. Other donations are for the realization of the mission of the Foundation, and are therefore for general use. The general reserve is at the free disposal of the Foundation.

3.4 Current liabilities

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

4. PRINCIPLES FOR THE DETERMINATION OF THE RESULT

4.1 General

Income and expenses are accounted for on accrual basis.

4.2 Income

The income in the statement of income and expenses are the donations from individuals and organizations. Income is only included when realized on the balance sheet date. For donations this is deemed to be the case either when a binding grant agreement is signed or when cash equivalents have been received.

Grants with a pay-back obligation are recognized as income in the same reporting period in which the subsidized eligible expense is recognized.

Donations in kind are recognized as income and expense in the period they are received, to the extent that the true value of the donation can be reasonably determined. If the true value cannot be reasonably determined and if the goods & services deviate from the quantity or specification that would have been reasonably obtained in case of no donation in kind, then neither an income nor an expense is recognized.

During the 2019 financial period we received pro-bono support from professional advisory and consultancy firms, free technical consulting and technical support from companies in the offshore and engineering industries, software and software support at reduced rates and free (executive) staff recruitment services. Where the true value could not be reasonably determined or the goods and services deviated from the quantity or specification that would have been reasonably obtained in case of no donation in kind, neither an income or an expense has been recognized for this in kind support.

Relationships which cannot be quantitatively estimated have been disclosed as part of the annual report for 2019. This is consistent with our disclosure of academic partners who collaborate with the Foundation on joint research, as it is often difficult to quantitatively estimate the donation in-kind aspect of joint arrangements.

4.3 Human resources

Employee benefits are charged to the statement of income and expenses in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. The Foundation does not have a pension scheme for its employees.

4.4 Depreciation charge

Depreciation of fixed assets is based on an estimate of their useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

4.5 Research and development expenses

Costs incurred for research are expensed in the period that they are incurred. Costs related to development of technology are capitalized only after technical and commercial feasibility of the asset for sale or use have been established. If development costs do not meet this criteria, the costs are expensed in the period that they are incurred. In the current financial year no development costs were capitalized as an asset.

4.6 Financial income and expenses

Interest income and expenses consist of interest received from or paid to third parties. Currency translation differences arising upon the settlement or conversion of monetary items are recognized in the statement of income and expenses in the period that they are realized.

4.7 Income taxes and value added taxes fiscal unity

Stichting The Ocean Cleanup is exempt from Dutch income tax due to its status as an ANBI (Algemene Nut Beogende Instelling). Stichting The Ocean Cleanup's subsidiary companies form a fiscal unity for income tax purposes, which has The Ocean Cleanup Technologies B.V. as the head of the fiscal unity. Stichting The Ocean Cleanup is the head of its fiscal unity for value added taxes, which includes its subsidiary companies which are based in The Netherlands.

4.8 Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are prepared, are recognized in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognized in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

The Foundation is monitoring the economic conditions caused by the COVID-19 pandemic. As of the date of signing the Annual Reports, we anticipated the effect of the COVID-19 pandemic to impact the initial 2020 budget. In response, the Foundation has reviewed and modified the initial 2020 budget to reflect the anticipated economic downturn, reducing our budgeted donation income as well as delaying selected expenditure associated with our activities. We will use, if necessary, schemes offered by the government as we continue to monitor the ongoing circumstances. Overall, the Foundation does not expect a significant negative impact and believe there is sufficient cash to support our intended activities for the next 12 months.

4.9 Budget

In accordance with RJ 640.204 the Foundation has to publish the budget of the actual year including an explanation of the major differences between budget and actual income and costs.

The budget for 2019 was approved by the Supervisory Board on 3 December 2018 with projected income of € 5M and projected costs of € 15.8M.

2019 BUDGETS COMPARED TO RESULTS OF DECEMBER 2019

2019 - € x M	Original budget	Revision March 2019	Management accounts December 2019	Variance to revised budget
Income	5.0	7.0	30.5	23.5
Cost				
Ocean	5.5	8.8	10.8	2.0
River	3.2	3.0	3.7	0.7
Valorizaton	1.8	1.6	0.6	-1.0
Research	1.4	1.4	0.8	-0.6
Comm	1.8	1.6	1.8	0.2
Services	1.4	1.4	1.9	0.5
Other / Cont.	0.7	0.7	-	-0.7
Total costs	15.8	18.5	19.6	1.1

A budget revision was first discussed with the Supervisory Board on 4 February 2019 and approved subsequently on 1 March 2019. This update occurred after 'System 001 Wilson' was damaged and retrieved from the Great Pacific Garbage Patch and when it became apparent that a new version of the system would need to be constructed: System 001/B. The required additional spending for this new system was € 3.3M for development, engineering, construction and ocean testing. To offset this increase, projected income was raised by € 2M and other departmental budgets were moderated by € 0.6M in total. The cumulative impact on our cash projections at the time was a negative € 0.7M.

When comparing the revised budget to year-end management accounts, we note that:

- Donation income was € 23.5M stronger than anticipated in the budget as the result of exceptionally strong donations of the general public and somewhat higher than expected donations from larger donors.
- Costs came in € 1.1M (6%) higher due to the fact that Ocean testing for system 001/B ran longer than anticipated in March. This increased costs by € 2M; an increase that was partially offset by the release of the contingency provision in the budget (€ 0.7M).

Comparison between management and financial accounts shows that reported income was € 2.3M higher due to the full recognition in the financial accounts of a donation that is scheduled to be received over 10 years and due to the fact that the financial accounts contain € 0.4M in donations in kind – reflected both in income and costs.

Although the budget worked well for management control purposes, it was not yet possible in 2019 to make direct line-by-line comparisons between the budget and reported financial accounting results as audited.

This is explained by the fact that the recording of our budget lacked sufficiently granular elements to follow cost and income categorization as used in financial accounting. For 2020, recording and monitoring of budget is performed in greater detail, and we will ensure that a direct like-for-like variance analysis can be performed against the audited financial figures going forward.

4.10. Going concern

The financial statements have been prepared on the going concern basis.

NOTES TO THE CONSOLIDATED BALANCE SHEET

5 - Tangible Fixed Assets					
Eur000's		**2019**		**2018**	
Opening balance			802		74
Investments in fixed assets during the year	Office and facilities	66		171	
	Project Equipment	125		669	
Total investments in fixed assets			**191**		**840**
Impairment in fixed assets during the year	Office and facilities	-		-	
	Project Equipment	(86)		-	
Total impairment in fixed assets			**(86)**		-
Depreciation charge for the year	Office and facilities	(203)		(67)	
	Project Equipment	(75)		(45)	
Total depreciation charge			**(278)**		**(112)**
Closing balance			**629**		**802**
Purchase value	Office and facilities	607		541	
	Project Equipment	911		935	
Purchase value of tangible fixed assets			1.518		1.477
Accumulated depreciation	Office and facilities	(567)		(364)	
	Project Equipment	(322)		(311)	
Total accumulated depreciation			(889)		(675)
Closing balance			**629**		**802**

Tangible fixed assets are depreciated over their estimated useful life. Office and facilities consists of IT equipment, office improvements and furniture. Project equipment consists of equipment that can be used in research expeditions as well for future assembly of systems.

The average useful life of tangible fixed assets is 3 - 5 years.

6 - Financial fixed assets		
Eur000's	**2019**	**2018**
Receivable from multi-year promise to give	1.782	-
Discount on receivable	(150)	-
	1.632	**-**

An unconditional promise to give from a donor expected to be collected in greater than one year is reported at fair value, and discounted using present value techniques incorporating risk-adjusted discount rate of 2%. The non-discounted portion of the receivable due to be received next year is disclosed in Note 8.

7 - Debtors		
Eur000's	**2019**	**2018**
Receivable from debtors	1.284	1.694
	1.284	**1.694**

All debtors originated in 2019 and are expected to be settled within 6 months of year end. No provision for doubtful debts has been raised at the end of 2019 or in previous years.

8 - Other receivable and Prepayments		
Eur000's	**2019**	**2018**
Prepayments and other receivables	447	21
	447	**21**

The other receivables include promises to give that are receivable in less than one year which have not been discounted. In the current year, the value added tax receivable has been presented as part of Note 9.

9 - Tax and social security		
Eur000's	**2019**	**2018**
Value added tax receivable	239	496
Research and development tax credit receivable	163	162
	402	**658**

The research and development tax credit (WBSO) of € 162.500 (2018: €162.000) is provided by the Rijksdienst voor Ondernemend Nederland (RVO) and provides entities with an incentive to invest in research. In prior year, the amount was presented as a net figure including the social security payable in Note 12.

10 - Cash & cash equivalents		
Eur000's	**2019**	**2018**
EUR denominated cash	32.694	22.783
USD denominated cash	1.939	1.863
	34.633	**24.646**

Cash is at the Foundation's free disposal and is held in Euros and US Dollars.

11 - General reserve		
Eur000's	**2019**	**2018**
Opening balance	17.970	14.701
Donations received	32.843	22.351
Used for general projects	(20.039)	(19.082)
	30.774	**17.970**

The general reserve is formed from the surplus of donations received in comparison to expenditure. The general reserve can be used freely in pursuit of the Foundations' mission.

12 - Tax and social security		
Eur000's	**2019**	**2018**
Social security playable	152	63
	152	**63**

13 - Other liabilities and accrued expenses		
Eur000's	**2019**	**2018**
Personnel liabilities	181	119
Accrued expenses	361	1.160
Other payable	7.000	7.000
	7.542	**8.279**

Personnel liabilities relate to the 8% holiday allowance which accrues to employees and is paid out in May 2020.

The other payables balance consists of reserved donation of € 7 million that is conditional upon our agreement to apply extraction technology in Central America on a pay-for-performance basis.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME AND EXPENSES

14 - Human Resources		
Eur000's	**2019**	**2018**
Gross salaries	3.591	2.831
Social security expenses	392	204
Staff costs - external contractors	1.689	1.559
Other HR costs	370	187
	6.042	**4.780**

During 2019, the Foundation and its subsidiaries employed on average 102 staff. The Foundation and its subsidiaries does not contribute to a pension plan on behalf of its employees. A research and development tax credit (WBSO) of € 162.500 is included in the social security expenses. This credit is provided by the Rijksdienst voor Ondernemend Nederland (RVO) and provides entities with an incentive to invest in research.

15 - Operational costs		
Eur000's	**2019**	**2018**
Transport and storage	518	669
Outsourced work	4.042	3.513
Charter of vessels and staff	4.444	3.563
Yard and rentals	346	598
Procured materials and system components	1.378	4.637
Public relations	1.169	369
Travel and accomodation	771	478
Other specific project costs	-	194
	12.668	**14.022**

Operational costs decreased to EUR 12.668.000 in 2019 (2018: 14.022.000) as the main costs of the 4 interceptors were accounted for in 2018, while the operational activities for the Ocean cleanup continued througout 2019.

16 - General & support costs		
Eur000's	**2019**	**2018**
Housing	259	189
IT	186	139
Insurance, health and safety	153	160
Consultancy fees	157	123
General and adminstration costs	170	100
	925	**711**

17 - Depreciation and impairment

Eur000's	2019	2018
Office and facilities	203	67
Project equipment	75	44
Impairment of project equipment	86	-
	364	**111**

18 - Financial income and expenses

Eur000's	2019	2018
Banking charges	12	58
Interest received	(3)	0
Foreign exchange differences	31	(89)
	40	**(30)**

STICHTING THE OCEAN CLEANUP
BALANCE SHEET AS AT 31 DECEMBER 2019

Assets						
Eur000's	**Note**		**2019**		**2018**	
Fixed Assets	19	Tangible Fixed Assets	85		83	
	20	Financial Fixed Assets	2.448		(398)	
				2.533		**(315)**
Short Term Receivables	21	Receivables from group companies	14		-	
	22	Debtors	1.117		1.694	
	23	Other receivables and prepayments	134		14	
	24	Tax and social security	97		212	
				1.362		**1.920**
Cash						
	25	Cash at banks	31.183		23.077	
				31.183		**23.077**
Total Assets				**35.078**		**24.682**

Liabilities						
Eur000's	**Note**		**2019**		**2018**	
Reserves	26	General Reserve	27.876		17.537	
				27.876		**17.537**
Short Term Liabilities		Creditors	58		55	
	27	Tax and social security	18		7	
	28	Other liabilities and accrued expenses	7.126		7.083	
				7.202		**7.145**
Total Liabilities				**35.078**		**24.682**

STICHTING THE OCEAN CLEANUP
STATEMENT OF INCOME AND EXPENSES

Income			
Eur000's	**Note**	**2019**	**2018**
Share of result of participations	29	(17.338)	(16.870)
Income from operations		27.675	19.696
Result		**10.337**	**2.826**

Appropriation of result		
Eur000's	**2019**	**2018**
Addition/(Release)		
General reserve	10.337	2.826
Dedicated funds	-	-
Result*	**10.337**	**2.826**

* The result shown above is not intended to represent an economic gain or loss, but merely reflects a timing difference between income and spending - as the nature of the foundation requires that over time all income will be spent on developing and applying technology to rid the oceans of plastic pollution.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

18. GENERAL NOTES

18.1 General

The company financial statements have been prepared in accordance with Standard 640 ‘Nonprofit organizations’ and reported in thousands.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with note 3.1 to the consolidated financial statements.

In accordance with Titel 9 Boek 2 BW article 2:402, the statement of income and expenses of the Foundation separately discloses the Foundation’s income from operations and the share of result of its participations.

For the accounting policies for the company balance sheet and statement of income and expenses, reference is made to the notes to the consolidated balance sheet and statement of income and expenses.

NOTES TO THE COMPANY BALANCE SHEET AND STATEMENT OF INCOME AND EXPENSES

19 - Tangible fixed assets

Eur000's		2019		2018	
Opening balance			83		2
Investments in fixed assets during the year	Office and Facilities	28		93	
Total investments in fixed assets			28		93
Depreciation charge for the year	Office and Facilities	(26)		(11)	
Total depreciation charge			(26)		(11)
Closing balance			**85**		**83**
Purchase value	Office and Facilities	204		176	
Purchase value of tangible fixed assets			204		176
Accumulated depreciation	Office and Facilities	(119)		(93)	
Total accumulated depreciation			(119)		(93)
Closing balance			**85**		**83**

Tangible fixed assets are depreciated over their estimated useful life. Office and facilities consists of IT and camera equipment, office improvements and furniture. The average useful life of tangible fixed assets is 3 years.

20 - Financial fixed assets

The financial fixed assets balance relates to the interest the Foundation holds in 100% of The Ocean Cleanup Technologies B.V.'s share capital. Movements in the financial fixed assets balance can be specified as follows:

Eur000's	2019	2018
Opening balance	(398)	145
Result from participations	(17.338)	(16.870)
Share premium contribution	20.184	16.327
Closing balance	**2.448**	**(398)**

The Foundation has (in)direct interests in the following participations:

Name, registered office	Share in capital as %
Fully Consolidated	
The Ocean Cleanup Technologies B.V., the Netherlands	100
The Ocean Cleanup Projects B.V., the Netherlands *	100
The Ocean Cleanup Interception B.V., the Netherlands *	100
The Ocean Cleanup Operations B.V., the Netherlands *	100

* Shares are held directly by The Ocean Cleanup Technologies B.V.

21 - Current Account Group Companies

Eur000's	2019	2018
The Ocean Cleanup North Pacific Foundation	14	-
	14	**-**

22 - Debtors

Eur000's	2019	2018
Receivable from donors	1.117	1.694
	1.117	**1.694**

All debtors originated in 2019 and are expected to be settled within 6 months of year end. No provision for doubtful debts has been raised.

23 - Other receivables and prepayments

Eur000's	2019	2018
Prepayments and other receivables	134	14
	134	**14**

24 - Tax and social security

Eur000's	2019	2018
Value added tax	97	212
	97	**212**

25 - Cash at bank

Eur000's	2019	2018
EUR denominated cash	30.376	22.140
USD denominated cash	807	937
	31.183	**23.077**

Cash is at the Foundation's free disposal and is held in bank accounts in the Netherlands.

26 - General Reserve

Eur000's	2019	2018
Opening balance	17.537	14.711
Donations received	30.265	20.098
Used for general projects	(19.926)	(17.272)
	27.876	**17.537**

Reconciliation of the general reserve and result in the consolidated and company financial statements.

The general reserve as at 31 December 2019 and result for the year ended 31 December 2019 in the consolidated and company financial statements can be reconciled as follows:

Eur000's	General reserve	Result
	2019	2019
Company financial statements	27.876	10.337
The Ocean Cleanup North Pacific Foundation	2.928	563
Consolidated financial statements	**30.804**	**10.900**

27 - Tax and Social Security

Eur000's	2019	2018
Social security payable	18	7
	18	**7**

28 - Other liabilities

Eur000's	2019	2018
Accrued liabilities	126	50
Current account group companies	-	33
Other payables	7.000	7.000
	7.126	**7.083**

The other payables balance consists of a reserved donation of €7 million that is conditional upon our agreement to apply extraction technology in Central America on a pay-for-performance basis.

29 - Share of result and participations

Eur000's	2019	2018
The Ocean Cleanup Technologies B.V. - Consolidated net loss	17.338	16.870
The Ocean Cleanup Technologies B.V. - Consolidated net loss	**17.338**	**16.870**

Independent auditor's report

To: the Management Board and the Supervisory Board of Stichting The Ocean Cleanup

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 of Stichting The Ocean Cleanup, based in Rotterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting The Ocean Cleanup as at 31 December 2019 and of its result for 2019 in accordance with the ''RJ-Richtlijn 640, Organisaties zonder winststreven'' (Guideline for annual reporting 640, ''Not-for-profit organizations'' of the Dutch Accounting Standards Board).

The financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2019
- The consolidated and company statement of income and expenses for 2019
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

We are independent of Stichting The Ocean Cleanup in accordance with 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 regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Emphasis of matter relating to Corona developments

The developments surrounding the Corona (Covid-19) virus have a profound impact on people 's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a Going Concern. The financial statements and our auditor 's report thereon are snapshots. The situation changes on a daily basis giving rise to inherent uncertainty.

The Ocean Cleanup is confronted with this uncertainty as well, that is disclosed in section Financial Performance of the Management report and the note 4.8 Subsequent events of the financial statements. We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

Report on 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:

- The Management report
- The report of the Supervisory Board

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the Management report in accordance with "RJ-Richtlijn 640, Organisaties zonder winststreven" (Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

Description of responsibilities for the financial statements

Responsibilities of the Management Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with the "RJ-Richtlijn 640, Organisaties zonder winststreven" (Guideline for annual reporting 640, "Not-for-profit organizations" of the Dutch Accounting Standards Board). Furthermore, the Management Board is responsible for such internal control as the Management Board 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 Management Board is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 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 foundation's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board
- Concluding on the appropriateness of the Management Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation'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. However, future events or conditions may cause a foundation to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

Amsterdam, 9 June 2020

Ernst & Young Accountants LLP

signed by J. Niewold

THE OCEAN™
CLEANUP