# Annual Report 2019

Baarn Midco B.V.

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# 1. Composition of the Board

The composition of the Management Board is shown below:

Management Board

**P.D.A. Wits,** CEO[1]

**I.A.T. van den Bosch,** CFRO[2]

**D.L. Wanek**[3]

**V.L.T. Zampiga**[4]

Installed and resigned

**I. van Hoek,** CEO a.i.[5]

**T.P.M. Stoop,** CFRO a.i.[6]

[1] Installed as at 1 February 2019

[2] Installed as at 1 April 2019

[3] Installed as at 23 November 2017

[4] Installed as at 23 November 2017

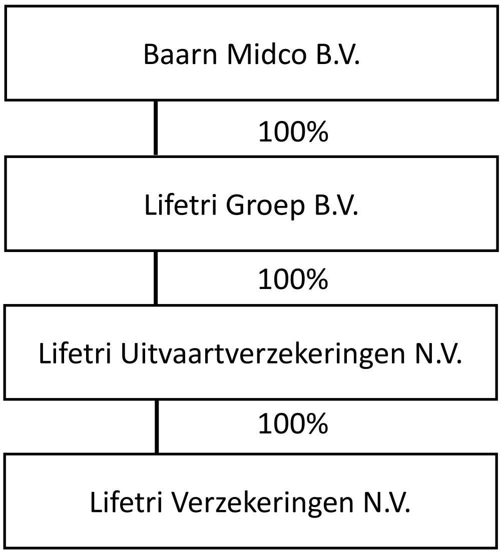
[5] Installed as at 13 June 2018 and resigned as at 1 February 2019

[6] Installed as at 13 June 2018 and resigned as at 1 April 2019

# 2. Introduction

### 2.1 Baarn Midco

Baarn Midco B.V. (Baarn Midco) is a holding company and the owner of Lifetri Groep B.V. (Lifetri Groep) and, through its subsidiary, of Lifetri Uitvaartverzekeringen N.V. (Lifetri Uitvaartverzekeringen).
The organisation chart of control is as follows:




Baarn Midco holds the shares of Lifetri Groep B.V. as its main activity and is involved in mergers & acquisitions for the benefit of the group and its operating companies.

### 2.2 The shareholder (look through)

The ultimate shareholders, Sixth Street Partners (Sixth Street) managed investment funds, financed by institutional investors with a long term investment outlook. Sixth Street is focused primarily on the fundamental, long-term returns of its investments. Sixth Street does not guarantee a minimum return to its investors, rather Sixth Street considers many possible scenarios in assessing the business case of an investment, including the possibility of outperformance and underperformance relative to the base case. As a long-term investment manager, Sixth Street is mainly concerned with the sensible management of its investments and long-term capital creation and performance.

# 3. Report of the Management Board

### 3.1 Business Developments

***General***

Lifetri Groep was founded as Baarn Bidco B.V. on 12 October 2017, with a subscribed capital of EUR 0,01, not fully paid up. The name of the company changed from Baarn Bidco B.V. to Lifetri Groep B.V. on 13 June 2018.

Lifetri Groep is the full owner of Lifetri Uitvaartverzekeringen which is the full owner of Lifetri Verzekeringen N.V. (Lifetri Verzekeringen), both insurance companies.
Baarn Midco's subsidiary Lifetri Groep announced on 1 May 2019 that, subject to regulatory approval, it has acquired Klaverblad Levensverzekering N.V. (Klaverblad Leven) from Coöperatie Klaverblad Verzekeringen U.A. Klaverblad Leven is a life insurer domiciled in the Netherlands with funeral and traditional life products with a premium income of EUR 63.5 million.

***Financial Developments***

In 2019 the financial net result of Baarn Midco was EUR -35.732mln (2018: EUR – 4.113mln) due to the result of its subsidiary Lifetri Groep.

The shareholders' funds were EUR 48.264mln (2018: 55.967mln).

### 3.2 Events after the balance date

On 1 May 2019, Lifetri Groep announced its intention to acquire 100% of the shares of Klaverblad Leven. At the end of the financial year 2019 the group was awaiting the approval of the Dutch central bank (the approval has been received in 2020) before being able to proceed with the acquisition. As such, the financial effects of this transaction have not been recognised at 31 December 2019. The operating results and assets and liabilities of the acquired company will be consolidated from 31 March 2020 18:00 hours CET.

The acquisition is expected to increase our market share, to increase our volumes thereby improving our cost efficiency and to offer – together with the current Lifetri portfolios – a good basis for further growth.

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of Klaverblad Leven. In particular, the fair values of the assets and liabilities have only been determined provisionally as the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of the acquired net assets or goodwill.

Lifetri Uitvaartverzekeringen N.V. and Lifetri Verzekeringen, subsidiaries of Lifetri Groep B.V., will be impacted by this acquisition as they will share Lifetri Groep services with the newly acquired entity Klaverblad Leven.

On 11 March 2020 the World Health Organization declared the Corona virus infection a pandemic. In response, governments in Europe and elsewhere, including the Dutch Government, have issued very impactful measures to control the pandemic. Worldwide financial market prices have severely declined, both fixed income and equity. Due to the long term nature of our life insurance business we expect no serious long term impact on our continuity, as evidenced by the results of the scenarios modelled in our Own Risk and Self Assessment (ORSA). In the short term, management, employees, partners and suppliers need to be very resourceful to handle all kind of impediments and obstacles to our normal way of working, raised by the implementation of government's measures and our compliance of it.

Hilversum, 24 April 2020

Management Board

P.D.A. Wits

I.A.T. van den Bosch

D.L. Wanek

V.L.T. Zampiga

# 4. Consolidated Financial Statements

These consolidated financial statements comprise the financial statements of Baarn Midco and its subsidiaries (see organization chart 2.1) as at 31 December 2019.

The notes on pages 7 to 30 form an integral part of these financial statements

## 4.1 Balance Sheet

***Assets***

| *in thousands of euros* | | 31 December 2019 | | 31 December 2018 | |
|---|---|---|---|---|---|
| **Investments** | | | | | |
| Cash and cash equivalents | 1. | 54,826 | | 37,536 | |
| Financial investments | | | | | |
| Bonds | 2. | 198,515 | | 182,755 | |
| Mortgages | 3. | 16,811 | | - | |
| Total financial investments | | 215,326 | | 182,755 | |
| **Total investments** | | | **270,152** | | **220,291** |
| **Deferred tax assets** | | | **-** | | **234** |
| **Reinsurance recoverable** | 4. | | **1,159** | | **2,544** |
| **Short term receivables** | | | | | |
| Policyholders | 5. | 74 | | 112 | |
| Other receivables | 6. | 307 | | 300 | |
| **Total short term receivables** | | | **381** | | **412** |
| **Other assets** | | | | | |
| Equipment | 7. | 10 | | 23 | |
| Accrued interest bonds | 8. | 985 | | 1,903 | |
| **Total other assets** | | | **995** | | **1,926** |
| **Total assets** | | | **272,688** | | **225,407** |

***Liabilities***

| *in thousands of euros* | | 31 December 2019 | | 31 December 2018 | |
|---|---|---|---|---|---|
| **Shareholders' funds** | | | | | |
| Share capital | 9. | 0 | | 0 | |
| Share premium | 10. | 58,497 | | 58,497 | |
| Revaluation reserve | 11. | 29,611 | | 1,583 | |
| Other reserves | 12. | -4,113 | | - | |
| Result before appropriation | 13. | -35,732 | | -4,113 | |
| **Total shareholders' funds** | | | **48,264** | | **55,967** |
| **Insurance liabilities** | | | | | |
| For own risk | 14. | 201,053 | | 141,712 | |
| **Net insurance liabilities** | | | **201,053** | | **141,712** |
| **Provisions** | | | | | |
| Provisions other than technical provisions | | 201 | | - | |
| Pension obligations | 15. | 659 | | 1,740 | |
| **Total provisions** | | | **860** | | **1,740** |
| **Long-term liabilities** | | | | | |
| Other long-term liabilities | 16. | 11,310 | | 12,210 | |
| **Total long-term liabilities** | | | **11,310** | | **12,210** |
| **Deferred tax liability** | 17. | | **6,863** | | **9,403** |
| **Short term liabilities** | | | | | |
| Policyholders | 18. | 1,706 | | 1,660 | |
| Other short term liabilities | 19. | 2,631 | | 2,715 | |
| **Total short term liabilities** | | | **4,337** | | **4,375** |
| **Total liabilities** | | | **272,688** | | **225,407** |

## 4.2 Income Statement

| *in thousands of euros* | | 2019 | | 23 November 2017 to 31 December 2018 | |
|---|---|---|---|---|---|
| **Insurance premiums** | 1. | | | | |
| Gross premiums | | 19,087 | | 4,898 | |
| Outgoing reinsurance premiums | | -44 | | -12 | |
| **Net premiums** | | | **19,043** | | **4,886** |
| **Investment income** | | | | | |
| Interest from bonds | | 3,025 | | 780 | |
| Interest on bank accounts | | -270 | | -141 | |
| Realised gains and losses on sales of investments | | 9,280 | | -9 | |
| **Total investment income** | | | **12,035** | | **630** |
| **Unrealised gains and losses on investments** | 2. | | **467** | | **-1,864** |
| **Claims and benefits paid** | 3. | | | | |
| Gross claims and benefits paid | | -5,187 | | -1,424 | |
| Reinsurers' share claims | | 27 | | 13 | |
| **Net claims and benefits paid** | | | **-5,161** | | **-1,411** |
| **Change in technical provisions** | | | | | |
| Gross change in technical provisions | | -59,341 | | -2,798 | |
| Reinsurers' share | | -234 | | 3 | |
| **Net change in technical provisions** | | | **-59,575** | | **-2,795** |
| **Change in other provisions** | | -1,150 | **-1,150** | 179 | **179** |
| **Interest on funeral deposits** | | 67 | **67** | -30 | **-30** |
| **Operating expenses** | 4. | | | | |
| Staff, overhead and depreciation costs | | -11,183 | | -6,948 | |
| **Total operating expenses** | | | **-11,183** | | **-6,948** |
| **Investment management expenses** | | -369 | **-369** | -19 | **-19** |
| **Investment income attributable to non-technical account** | | -2,306 | **-2,306** | -448 | **-448** |
| **Result technical account life insurance** | | | **-48,131** | | **-7,820** |
| **Investment income attributable from technical account** | | 2,306 | **2,306** | 448 | **448** |
| **Result before tax** | | | **-45,825** | | **-7,372** |
| **Income tax** | 5. | 10,093 | **10,093** | 3,259 | **3,259** |
| **Net result** | | | **-35,732** | | **-4,113** |

## 4.3 Statement of Comprehensive Income

| *in thousands of euros* | 2019 | | 23 November 2017 to 31 December 2018 | |
|---|---|---|---|---|
| Net result | | -35,732 | | -4,113 |
| Change revaluation reserve investments | 28,028 | | 1,583 | |
| Total amount recognised directly in equity | | 28,028 | | 1,583 |
| **Total comprehensive income** | | **-7,703** | | **-2,530** |
| **Share capital issued** | | **-** | | **0** |
| **Share premium issued** | | **-** | | **58,497** |
| **Movement shareholders' funds** | | **-7,703** | | **55,967** |

## 4.4 Cash Flow Statement

| *in thousands of euros* | 2019 | | 23 November 2017 to 31 December 2018 | |
|---|---|---|---|---|
| **Cash flow from operational activities** | | | | |
| **Result for the year** | | **-35.733** | | **-4.113** |
| Adjusted for: | | | | |
| Other provisions | 1.151 | | - | |
| Depreciation | 14 | | 17 | |
| Result from subsidiary | - | | - | |
| Interest on bonds | -3.025 | | -780 | |
| Interest on banks | 256 | | 123 | |
| Realised gains / Losses | -9.280 | | -425 | |
| Change in Technical provision | 59.341 | | 141.712 | |
| Change in technical provisions reinsurer | 234 | | -2.544 | |
| Unrealised gains & losses | -467 | | 1.864 | |
| Tax Expense | -10.093 | | -3.256 | |
| | | | | |
| Changes in: | | | | |
| Receivables | -528 | | -619 | |
| Short term liabilities | 525 | | 4.491 | |
| Pension obligation | -1.081 | | 1.740 | |
| Other long term liabilities | -900 | | 24.197 | |
| Provisions | 201 | | - | |
| | | | | |
| Cash used in operating activities: | | 615 | | 162.407 |
| | | | | |
| Taxation Paid | - | | - | |
| Interest Received | 3.682 | | -1.246 | |
| | | | | |
| **Net cash from operating activities** | | **4.297** | | **161.161** |
| | | | | |
| **Cash flow from investing activities** | | | | |
| Investments and advances: | | | | |
| Bonds | -62.031 | | -191.643 | |
| Mortgages | -15.775 | | - | |
| Disposal and Redemptions | | | | |
| Bonds | 90.800 | | 9.561 | |
| Purchase of equipment | -1 | | -40 | |
| | | | | |
| **Net cash from investing activities** | | **12.993** | | **-182.122** |
| | | | | |
| **Cash flow from financing activities** | | | | |
| Capital contribution | - | | 58.497 | |
| **Cash flow from financing activities** | | **-** | | **58.497** |
| | | | | |
| **Net increase/decrease in cash** | | **17.290** | | **37.536** |
| **Cash and cash equivalents beginning of period** | | **37.536** | | **-** |
| **Cash and cash equivalents end of period** | | **54.826** | | **37.536** |

### 4.5 Accounting Principles

Baarn Midco B.V. ('the Company') with a statutory seat in Amsterdam, is a private limited liability company under Dutch law, Chamber of Commerce registration number 70148821. 100% of the shares of the Company are held by Baarn Topco Ltd.

The Company is a holding company and the owner of Lifetri Groep B.V. and, through its subsidiary, of Lifetri Uitvaartverzekeringen N.V. and Lifetri Verzekeringen N.V. The activities of the the Company consists of holding the shares and providing its subsidiaries with enough capital to be able to operate as envisaged.

The main activies within the group consist of selling and managing in-kind funeral insurance policies on the Dutch market.

***General***

The financial statements have been compiled in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the Annual Reporting Guidelines of the Dutch Accounting Standards Board. This implies that Guideline 605 has been applied in the preparation of this annual report.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets. A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities. Unless stated otherwise, assets and liabilities are recognised at their fair value. Income and expenses are allocated to the relevant year.

The financial statements have been drawn up on the basis of the going concern principle.

The financial statements are presented in euros ('EUR'), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand.

***Business combinations***

A business combination is a transaction whereby the Company obtains control over the assets and liabilities and the activities of the acquired party.

Business combinations are accounted for using the 'purchase accounting' method on the date that control is transferred to the Company (the acquisition date). The transaction price is the cash consideration or equivalent agreed as part of the acquisition, or the fair value of the consideration transferred at the acquisition date. Transaction costs that are directly attributable to the business combination are allocated to the transaction price. In case of deferred payment of the consideration, the transaction price is the discounted value of the consideration.

The group recognises the identifiable assets and liabilities of the acquiree at the acquisition-date. These assets and liabilities are recognised individually at their fair values, provided that it is probable that future economic benefits will flow to the group (assets) or settlement will result in an outflow of resources embodying economic benefits (liabilities), and the cost or fair value of it can be measured with reliability.

An agreed possible adjustment to the purchase price that is contingent on future events is included in the purchase price if the adjustment is probable and the amount can be measured reliably. It is also possible that a previous estimate of the adjustment to the purchase price must be revised. Such adjustments to the purchase price, that are recorded as changes in estimates, will also result in an adjustment to (positive or negative) goodwill. The adjusted goodwill is amortised prospectively from the date of the adjustment of the purchase price.

***Financial reporting period***
The financial statements cover the period from 1 January 2019 and ended at the balance sheet date of 31 December 2019. There are comparative figures between financial bookyear 2018 and financial bookyear 2019.

***Consolidation scope***
The consolidated financial statements include the financial information of the Company, its subsidiaries in the group, other group companies and other companies over which the Company can exercise control or of which it conducts the central management. Subsidiaries are participating interests in which the Company (and/or one or more of its subsidiaries) can exercise more than half of the voting rights in the general meeting, or can appoint or dismiss more than half of the managing directors or supervisory directors.

Group companies are participating interests in which the Company has a majority interest, or in which it can exercise decisive influence (control) by other means. In assessing whether the Company has control, potential voting rights are taken into account that can be exercised in such a way that they will provide the Company with more or less influence.

Newly acquired participating interests are consolidated as from the date that decisive influence (control) can be exercised. Participating interests disposed of remain included in the consolidation until the date of loss of this influence.

***Consolidation method***
The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of result of the group.

In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the group and no impairment loss is applicable. For a transaction whereby the Company has a less than a 100% interest in the selling group company, the elimination from the group result is allocated pro rata to the minority interest based on the interest of the minority in the selling group company.

Subsidiaries are consolidated in full, whereby minority interest is presented separately within group equity. If losses to be allocated to the minority interest exceed the minority interest within equity of the consolidated entity, the difference, including any further losses, is fully charged to the majority shareholder, except to the extent that the minority shareholder has the obligation to, and is able to, compensate for the losses. The minority interest in the result is deducted from group result on a separate line item in the consolidated profit and loss account.

***Subsequent events***
Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements. Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of financial statements, the nature and estimated effects of the events are disclosed in the financial statements.

There are no subsequent events recognised in the balance sheet.

***Use of estimates***
The preparation of the financial statements requires the Management Board and management to make estimates and assumptions that can influence the application of accounting principles and the reported value of assets and liabilities. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

During the financial year 2019 the Dutch Tax Authorities planned to change the corporate income tax rates. The proposed change from 20,5% to 21,7% has been taken into account, because it has been approved in the "Eerste Kamer" as per 17-12-2019.

The following accounting policies are in the opinion of management the most critical in preparing these financial statements and require judgements, estimates and assumptions.

***Fair value hierarchy***
Financial assets and liabilities are categorised into the following fair value hierarchy.
Quoted prices in an active market (unadjusted, market observable prices) are sought first. If such prices are not available or if there is no active market, financial instruments are measured using input available in the market other than market prices: measurement derived from pricing. If no direct external or derived market prices are available, the Company uses brokers' quotes.

*Published prices in active markets (Level 1)*
Fair value measured at Level 1 only uses quoted prices (unadjusted) in active markets for identical assets and liabilities. An active market is one in which transactions take place with sufficient frequency and volume so that prices are regularly available. Examples are equity securities, bonds and investment funds listed on active markets.

*Measurement method based on significant observable market inputs (Level 2)*
Fair value measured at Level 2 uses inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If an asset or liability has a given contractual term, a Level 2 input variable must be observable for practically the full term of that asset or liability. Level 2 involves the following input variables:

- quoted prices for similar (i.e. not identical) assets/liabilities in active markets;
- input variables other than quoted prices observable for the asset (for example, interest rates and yield curves observable at customary intervals, volatility, early redemption spreads, loss ratio, credit risks and default percentages);

- input variables arising mainly from, or confirmed by, observable market data by correlation or other means (market-confirmed inputs).

Examples of assets or liabilities at Level 2 are financial instruments measured using discounted cash flow models. These are based on observable market swap yields, on investment property measured using observable market data and quoted debt instruments or equity securities in a non-active market.

*Measurement method not based on significant observable market inputs (Level 3)*
Fair value measured at Level 3 uses inputs for the asset or liability that are not based on significant observable market data. Unobservable inputs can be used if observable inputs are not available, so fair value can still be measured at the reporting date in situations where there is no or almost no active market for the asset or liability.

***Equipment***
The fair value of equipment is not materially different from the carrying value. The carrying value is determined by historical cost less accumulated depreciation and impairment.

***Bonds***
Bonds are measured at fair value. The fair value of investments are measured using the fair value hierarchy as described above. Changes in the fair value of investments are recorded in the investment revaluation reserve within the shareholder's funds, less any provision for deferred tax. When investments are sold or impaired the accumulated fair value adjustments are released from the revaluation reserve to the income statement. When the fair value is below cost price, the negative fair value adjustment is recorded in the income statement in the period in which the negative fair value change occurs. Quoted bonds in active markets are measured at fair value level 1, unquoted are measured at fair value level 2.

***Mortgages***
Mortgages are measured at fair value. The fair value of mortgages is measured using the fair value hierarchy as described above and conform article 75 of the Solvency II Directive (2009/138/EC), applying to the valuation of mortgage loans. This article provides that mortgage loans of insurance undertakings are valued at the amount for which they could be exchanged between knowledgeable and willing independent parties in an arm's length transaction. If no observable prices for the mortgage loans are available, it is required to make as much use as possible of relevant information from the market when determining the fair value of the mortgage loans. It stipulates that if the fair value cannot be determined on the basis of quoted prices in an active market (Level 1), it should be determined on the basis of observable market data of comparable market instruments (Level 2).

The Level 3 valuation method should only be applied when insufficient observable and relevant market data are available to perform a full valuation based on observable inputs. In that case the value of each loan part is calculated using the following steps:

1. Determining the contractual cash flows per mortgage loan part based on the mortgage loan (part) characteristics, adjusted for expected prepayments by applying a CPR.
2. Determining the discount factor using mortgage loan rates in the primary market as of the valuation date for mortgage loans with similar characteristics as the mortgage loan (part) to be valued.

3. Discounting the cash flows with the relevant discount rate.
4. Determining mortgage loan part value.

For loans in arrears and default, an adjustment is made to the cash flows to reflect the higher probability of default and loss-given-default. There is currently no indication that a (constant) default rate must be applied for BTL loans that are current.

Changes in the fair value of investments are recorded in the investment revaluation reserve within the shareholder's funds. When investments are sold or impaired the accumulated fair value adjustments are released from the revaluation reserve to the income statement. When the fair value is below cost price, the negative fair value adjustment is recorded in the income statement in the period in which the value change occurs.

***Other loans***
Loans are measured at fair value whereas discounted cash flows are calculated against the interest rate associated with the duration of that cash flow. Changes in the fair value of investments are recorded in the investment revaluation reserve within the shareholder's funds, less any provision for deferred tax. When investments are sold or impaired the accumulated fair value adjustments are released from the revaluation reserve to the income statement. When the fair value is below cost price, the negative fair value adjustment is recorded in the income statement in the period in which the negative fair value change occurs.

***Receivables and other financial assets***
Receivables and other financial assets are initially recognised at fair value and subsequently measured at amortised costs, using the effective interest rate method, less impairment. A provision is created in case debtors have financial difficulties, on an individual basis. Receivables related to reinsurance contracts are short-term receivables from reinsurance companies.

***Cash***
Cash is directly available funds held in bank accounts. The carrying value of cash is regarded as a good approximation of the fair value, as these assets are of a short-term nature. Cash is measured against fair value Level 1.

***Shareholders' equity***
Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of profit distribution.

Financial instruments that are designated as financial liability by virtue of economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

The purchase of own shares is deducted from the other reserves.

***Share premium***
Amounts contributed by the shareholder(s) of the Company in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire shares of the Company.

***Revaluation reserve***
Increases in the value of assets that are measured at fair value are included in the revaluation reserve. An exception to this are financial instruments and other securities that are measured at current value; increases in the value of such assets are recognised directly in the profit and loss account. In addition, a revaluation reserve is established for such assets with a corresponding charge against other reserves if frequent market quotations are not available.

The revaluation reserve is established per individual asset. It is not to exceed the difference between the carrying value based on historical cost and the carrying value based on fair value. The revaluation reserve is reduced by any realised revaluation.

If an asset is sold, any revaluation reserve pertaining to that asset is released and credited to other reserves. Any related deferred tax liability, calculated at the current tax rate, is offset against the revaluation reserve.

***Provisions***
Provisions are created for concrete or specific risks and obligations existing on the balance sheet date, where the magnitude is uncertain, but which can be reasonably estimated.

***Insurance liabilities***
The initial recognition of the acquired provision for insurance liabilities is calculated on basis of the fair value equal to the discounted value of the best estimate cash flows on basis of a market consistent discount rate excluding the ultimate forward rate (UFR).

The Solvency II provision for insurance liabilities is calculated based on the interest rate structure published by the regulatory authority, including volatility adjustment.

The Solvency II provision is the sum of:

- the expected value equal to the present value of the future annual payments plus the future costs of the insurances minus the gross premiums on the basis of best estimate assumptions;
- the required risk margin, given the calculated solvency capital requirement on the basis of the risks quantified for the company.

The provision for insurance liabilities is calculated on the basis of the Solvency II principles, plus the not amortized part of the difference between the fair value provision at acquisition date and SII provision. This difference will be amortized in the coming years in line with the main driver of aforementioned difference, being the impact on the provision with regard to the development of the UFR.

***Provisions for deferred taxes***
Deferred tax assets and liabilities are measured at nominal value. Provisions for deferred taxes concern the tax claim that rests on all qualifying differences between commercial valuations and valuations for tax purposes of assets and liabilities, as well as the amount for which the reserves permitted for tax purposes have been created.

The provisions are created in relation to a lower valuation for tax purposes of equities, bonds, loans and immovable property.

The provision is calculated on the difference between the tax and commercial value of the asset or liabilities, multiplied by the current company tax rate of 21.7%.

***Long-term liabilities***
Long-term liabilities include liabilities with a remaining term longer than one year.

The long-term liabilities are initially valued at fair value and are subsequently valued at amortised cost, on the basis of the effective interest rate method.

***Short-term liabilities***
The short-term liabilities have an expected term of a maximum of one year.

***Premiums earned for own account***
Premiums earned for our own account consist of regular gross premiums and single premiums minus outgoing reinsurance premiums.

***Yields from investments***
This includes the proceeds realised on investments such as bonds.

***Unrealised gain or loss on investments***
Unrealised equity price changes, determined for each individual fund that can no longer be withdrawn from the revaluation reserve created in previous years are debited to the profit and loss account. Unrealised price gains, determined for each individual fund, that pertain to price losses charged to the profit and loss account in previous years are recovered and credited to the profit and loss account.

***Claims and benefits paid***
The benefit payments own account consists of the total liabilities arising from the payment of life insurance policies minus the amounts to be received from the reinsurers.

***Change in technical provisions for life insurance***
The change in technical provisions is equal to the difference between the opening balance and the final balance of the technical provision.

This item therefore includes all the effects of financial transactions, adjustments to economic actuarial principles and deviations between actual and the previously applied assumptions.

***Operating expenses***
Operating expenses are determined on a historical basis and are allocated to the financial year to which they relate.

***Income tax***
Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is calculated on the result in accordance with the profit and loss account at a tax rate of 21.7%, with due consideration to the tax facilities.

***Cash flow statement accounting principles***
The statement of cash flows, prepared according to the indirect method, shows the structure of and changes in cash and cash equivalents of the Company during the financial year from cash flows arising from operating activities, investing activities and financing activities. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without significant risk of changes in value. The cash flows from investing activities primarily comprise changes in investment securities (such as securities available for sale or loans to customers). Financing activities include all cash flows from transactions involving the issuing of

own shares and paid share premium. Cash flows from operating activities include all other activities, which belong to the principal revenue-generating activities.

***Related parties***

All legal entities, natural persons and other related companies that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities, natural persons and other related companies that can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes as far as they are not transacted under normal market conditions. The nature, extent and other information are disclosed if this is necessary in order to provide a true and fair view. Related party transactions not on an arm's length basis have not occurred.

***Investments in subsidiaries***

Participating interests where significant influence can be exercised over the business and financial policies are valued according to the equity method on the basis of net asset value. If measurement at net asset value is not possible because the information required for this cannot be obtained, the participating interest is measured according to the visible equity. In assessing whether the Company has significant influence over the business and financial policies of a participating interest, all facts and circumstances and contractual relationships, including potential voting rights, are taken into account.

The net asset value is calculated on the basis of the Company's accounting policies.

If the Company transfers an asset or a liability to a participating interest that is measured according to the equity method, the gain or loss resulting from this transfer is recognised to the extent of the relative interests of third parties in the participating interest (proportionate determination of result). Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognised. Results on transactions involving transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests are eliminated to the extent that these cannot be regarded as having been realised.

Unrealised profits on transactions with participating interests that are accounted for at net asset value are eliminated to the extent of the Company's share in the participating interest. This elimination is allocated to the share of result from participating interests and the net asset value of the participating interest.

The Company realises the eliminated result as a result of a sale to third parties, depreciation or impairment of the transferred assets recognised by the participating interest.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed.

***Impairments of fixed assets***
Tangible and intangible fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. If there is an impairment loss for a cash-generating unit, the loss is first allocated to goodwill allocated to the cash-generating unit. Any residual loss is allocated to the other assets of the unit pro rata to their book values.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash- generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

An impairment loss of goodwill is not reversed in a subsequent period.

Contrary to what is stated before, at each reporting date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

- intangible assets that have not been put into use yet;
- intangible assets that are amortised over a useful life of more than 20 years (counting from the moment of initial operation/use).

## 4.6 Notes to the Balance Sheet

### Specification fair value hierarchy

| *in thousands of euros* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Subsidiairy | - | - | - | - |
| Bonds | 198,515 | - | - | 198,515 |
| Mortgage loans | 16,030 | 781 | - | 16,811 |
| **At 31 December** | **214,545** | **781** | **-** | **215,326** |

### Investments:

### Cash and cash equivalents (1.)

**Cash and cash equivalents**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Rabobank | 37,700 | 31,428 |
| Kasbank | 8,104 | 6,055 |
| ABN AMRO | 9,023 | - |
| State Street Bank | - | 53 |
| **At 31 December** | **54,826** | **37,536** |

### Bonds (2.)

**Bonds**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **At 1 January** | **182,755** | - |
| Purchases | 62,031 | 191,643 |
| Disposals | -81,905 | -9,561 |
| Unrealised result | 35,633 | 673 |
| **At 31 December** | **198,515** | **182,755** |

Cost of Bonds amounts to EUR 162,569,585 (2018: EUR 182,082,403).

**Bonds by type**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| Government bonds | 196,509 | 174,158 |
| Corporate bonds | 2,006 | 8,597 |
| **At 31 December** | **198,515** | **182,755** |

**Government bonds by country**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| Austria | 63,008 | 49,712 |
| Belgium | 63,245 | 55,869 |
| Germany | 3,866 | 3,370 |
| Finland | 1,046 | - |
| France | 61,874 | 31,542 |
| Netherlands | 3,470 | 33,664 |
| **At 31 December** | **196,509** | **174,158** |

**Bonds by credit rating**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| AAA | 7,336 | 37,035 |
| AA | 191,179 | 141,423 |
| A | - | 514 |
| BBB | - | 3,784 |
| **At 31 December** | **198,515** | **182,755** |

## Mortgages (3.)

**Mortgages**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **At 1 January** | **-** | **-** |
| Purchases | 15,775 | - |
| Disposals | - | - |
| Unrealised result | 1,036 | - |
| **At 31 December** | **16,811** | **-** |

Cost of Mortgages in 2019 amounts to EUR 15.774.500 (2018: Nil).

## Reinsurance recoverable (4.)

**Reinsurance**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **At 1 January** | 2,544 | - |
| Received with acquisition | - | 2,541 |
| Addition through P&L | -235 | 3 |
| Provision doubtful debtors | -1,150 | - |
| **At 31 December** | **1,159** | **2,544** |

## Policyholders (5.)

The short-term receivables on policyholders relate to insurance premiums due.

## Other receivables (6.)

**Other receivables**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| Non-insurance receivables | 207 | 146 |
| Prepaid operating expenses | 90 | 134 |
| Other | 11 | 20 |
| **Total Short term receivables** | **307** | **300** |

## Equipment (7.)

**Property, plant and equipment**

| *in thousands of euros* | Hardware | Office equipement | Car | Total |
|---|---|---|---|---|
| **At 1 January** | **12** | **4** | **7** | **23** |
| Purchase | 1 | - | - | 1 |
| Depreciation | -4 | -3 | -7 | -14 |
| **At 31 December** | **9** | **1** | **-** | **10** |

A 20% depreciation rate on the purchase value is applied for the calculation of the annual depreciation expenses.

## Accrued interest (8.)

The accrued interest relates to the bond portfolio.

## Share capital (9.)

**Share capital**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **At 1 January** | **0** | **-** |
| Contribution | - | 0 |
| **At 31 December** | **0** | **0** |

The issued and paid up capital of the company amounts to EUR 0.01 divided into one share of EUR 0.01.

## Share premium (10.)

**Share premium**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **At 1 January** | **58,497** | **-** |
| Share premium contribution | - | 58,497 |
| **At 31 December** | **58,497** | **58,497** |

## Revaluation reserve subsidiary (11.)

**Revaluation reserve subsidiairy**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **At 1 January** | **1,583** | **-** |
| Revaluations | 28,028 | 1,583 |
| **At 31 December** | **29,611** | **1,583** |

**Other reserves (12.)**

**Other reserves**

| *in thousands of euros* | 2019 | | 2018 | |
|---|---|---|---|---|
| **At 1 January** | | **-** | | **-** |
| Result last bookyear | -4,113 | | - | |
| **At 31 December** | | **-4,113** | | **-** |

**Result before appropriation (13.)**

**Result before apropprIation**

| *in thousands of euros* | 2019 | | 2018 | |
|---|---|---|---|---|
| **At 1 January** | | **-4,113** | | **-** |
| Result current year | -35,732 | | -4,113 | |
| Mutation to other reserves | 4,113 | | - | |
| Result last bookyear | - | | - | |
| **At 31 December** | | **-35,732** | | **-4,113** |

**Insurance liabilities (14.)**

**Insurance liabilities: For own risk**

| *in thousands of euros* | 2019 | | 2018 | |
|---|---|---|---|---|
| Best estimate | 172,972 | | 138,914 | |
| Risk margin | 28,081 | | 2,798 | |
| **At 31 December** | | **201,053** | | **141,712** |

**Insurance liabilities: For own risk**

| *in thousands of euros* | 2019 | | 2018 | |
|---|---|---|---|---|
| **At 1 January** | | **141,712** | | **-** |
| Acquired business | - | | 138,914 | |
| Change in technical provisions | 59,341 | | 2,798 | |
| **At 31 December** | | **201,053** | | **141,712** |

In the insurance contracts no other profit sharing, guarantees or other options are included other than the options stemming from the in-kind policies. The technical provision primarily has a long duration.

**Pension obligations (15.)**

**Pension obligations**

| *in thousands of euros* | 2019 | | 2018 | |
|---|---|---|---|---|
| **At 1 January** | | **1,740** | | **-** |
| Acquired business | - | | 1,919 | |
| Change in technical provisions | 659 | | -179 | |
| Release provision | -1,740 | | - | |
| **At 31 December** | | **659** | | **1,740** |

### Other long-term liabilities (16.)

**Other longterm liabilities**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **At 1 January** | **12,210** | **-** |
| Acquired business | - | 12,168 |
| Deposits recieved | 436 | 445 |
| Interest increase through P&L | -67 | 15 |
| Deposit payments | -1,269 | -418 |
| **At 31 December** | **11,310** | **12,210** |

Funeral deposits are annually increased with interest and have primarily a long duration.

### Deferred tax liabilities (17.)

**Deferred tax liabilities**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **At 1 January** | **9,403** | **-** |
| Acquired business | - | 14,586 |
| Revaluation of technical provision at fair value | 10,910 | -2,473 |
| Revaluation of bonds | 7,682 | 520 |
| Income tax recognized in P&L | -21,133 | -3,230 |
| **At 31 December** | **6,863** | **9,403** |

### Policyholders (18.)

Premiums are collected several working days in advance of the period they are earned.

### Other short-term liabilities (19.)

**Other liabilities**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| Creditors | 1,372 | 1,217 |
| Accruals for operational expenses | 943 | 661 |
| Deposit | - | 563 |
| Tax and social security contributions | 247 | 174 |
| Interest bank accrual | 69 | 88 |
| Reinsurer | - | 12 |
| **At 31 December** | **2,631** | **2,715** |

## 4.7 Notes to the Income statement

### Insurance premiums (1.)

**Net premiums earned**

| *in thousands of euros* | 2019 | 23 November 2017 to 31 December 2018 |
|---|---|---|
| Periodic premiums | 18,921 | 4,809 |
| Single premiums | 166 | 89 |
| Reinsurers' share | -44 | -12 |
| **Total claims and benefits paid** | **19,043** | **4,886** |

### Unrealised gains and losses on investments (2.)

**Unrealised gains and losses on investments**

| *in thousands of euros* | 2019 | 23 November 2017 to 31 December 2018 |
|---|---|---|
| Unrealised losses on bonds | -1,388 | -1,864 |
| Mutation unrealised losses to realised losses | 368 | - |
| Unrealised gains on bonds below cost price | 1,487 | - |
| **Total unrealised gains and losses on** | **467** | **-1,864** |

### Claims and benefits paid (3.)

**Claims and benefits paid**

| *in thousands of euros* | 2019 | 23 November 2017 to 31 December 2018 |
|---|---|---|
| Mortality claims | 5,164 | 1,409 |
| Surrenders | 24 | 15 |
| Reinsurers' share | -27 | -13 |
| **Total claims and benefits paid** | **5,161** | **1,411** |

## Operating expenses (4.)

**Operating expenses**

| *in thousands of euros* | 2019 | | 23 November 2017 to 31 December 2018 | |
|---|---|---|---|---|
| Salaries | 2,710 | | 753 | |
| Severance expenses | 436 | | 202 | |
| Social security contributions | 425 | | 121 | |
| Pension expenses | -415 | | 85 | |
| Travel expenses | 163 | | 48 | |
| External hires | 3,559 | | 2,063 | |
| Other staff expenses | 635 | | 661 | |
| **Staff expenses** | | **7,514** | | **3,933** |
| Office expenses | 429 | | 511 | |
| Housing expenses | 500 | | 78 | |
| Marketing expenses | 366 | | 180 | |
| General and administrative expenses | 2,359 | | 301 | |
| Recharges to group companies | - | | 1,929 | |
| **Overhead expenses** | | **3,655** | | **2,998** |
| **Depreciation** | | **14** | | **17** |
| **Staff, overhead- and depreciation costs** | | **11,183** | | **6,948** |
| Acquisition costs | | **-** | | **-** |
| **Total expenses** | | **11,183** | | **6,948** |

## Income tax (5.)

The tax receivable recognized in the profit and loss for 2019 amounts to EUR 10.093 k. The effective tax rate is 21.7%.

## 4.8 Audit fees

The auditor’s expenses amount to EUR 362.600k for Baarn Midco B.V. and its subsidiaries.

## 4.9 Contingent liabilities and commitments

### Fiscal Unity

The Company is part of the fiscal unity which also includes Lifetri Groep B.V., Lifetri Uitvaartverzekeringen and Lifetri Verzekeringen. As a result the Company is liable for all tax claims within the fiscal unity.

# 5 Stand alone financial statements

## 5.1 Balance sheet

### *Assets*

Assets

| *in thousands of euros* | | 31 December 2019 | 31 December 2018 |
|---|---|---|---|
| **Investments in subsidiary** | 1. | **48,264** | **55,967** |
| **Total assets** | | **48,264** | **55,967** |

### *Liabilities*

Liabilities

| *in thousands of euros* | | 31 December 2019 | | 31 December 2018 | |
|---|---|---|---|---|---|
| **Shareholders' funds** | | | | | |
| Share capital | 2. | 0 | | 0 | |
| Share premium | 3. | 58,497 | | 58,497 | |
| Revaluation reserve | 4. | 29,611 | | 1,583 | |
| Other reserves | 5. | -4,113 | | - | |
| Result before appropriation | 6. | -35,732 | | -4,113 | |
| **Total shareholders' funds** | | | **48,264** | | **55,967** |
| **Other short term liabilities** | | | **-** | | **-** |
| **Total liabilities** | | | **48,264** | | **55,967** |

## 5.2 Income Statement

| *in euros* | 2019 | | 23 November 2017 to 31 December 2018 | |
|---|---|---|---|---|
| **Investment income** | | | | |
| Result from subsidiary | -35,732 | | -4,113 | |
| **Total investment income** | | **-35,732** | | **-4,113** |
| **Result before tax** | | **-35,732** | | **-4,113** |
| **Income tax** | | **-** | | **-** |
| **Net result** | | **-35,732** | | **-4,113** |

## 5.3 Statement of Comprehensive Income

| *in thousands of euros* | 2019 | | 23 November 2017 to 31 December 2018 | |
|---|---|---|---|---|
| Net result | | **-35,732** | | **-4,113** |
| Change revaluation reserve investments | 28,028 | | 1,583 | |
| Total amount recognised directly in equity | | 28,028 | | 1,583 |
| **Total comprehensive income** | | **-7,703** | | **-2,530** |
| **Share capital issued** | | **-** | | **-** |
| **Share premium issued** | | **-** | | **58,497** |
| **Movement shareholders' funds** | | **-7,703** | | **55,967** |

## 5.4 Notes to the company-only financial statements

### General

The separate financial statements are part of the 2019 statutory financial statements of the Company. The financial information of the Company is included in the Company's consolidated financial statements.

### Accounting policies

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated profit and loss account, with the exception of the following principles:

### Financial instruments

In the separate financial statements, financial instruments are presented on the basis of their legal form.

### Participating interests in group companies

Participating interests in group companies are accounted for in the separate financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

### Share of result of participating interests

This item concerns the Company's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

### Corporate income tax

The Company recognises the portion of corporate income tax that it would owe as an independent tax payer.

### Related parties

For the disclosure on related party transactions that are relevant to the Company, reference is made to the disclosure for related parties in the notes to the consolidated financial statements.

## 5.5 Notes to balance sheet

### Investments in subsidiaries (1.)

**Investments in associates**

| *in thousands of euros* | 2019 | | 2018 | |
|---|---|---|---|---|
| **At 1 January** | | **55,967** | | - |
| Share premium contribution | - | | 58,497 | |
| Revaluation reserve | 28,028 | | 1,583 | |
| Result from subsidiairy | -35,732 | | -4,113 | |
| **At 31 December** | | **48,264** | | **55,967** |

The Company is at the head of the group and has the following consolidated participating interests:

| Name | Legal address | Share of issued capital |
|---|---|---|
| Lifetri Groep B.V. | Hilversum | 100% |
| Lifetri Uitvaartverzekeringen N.V. | Hilversum | 100% |
| Lifetri Verzekeringen N.V. | Hilversum | 100% |

### Shareholders’ funds

**Share capital (2.)**

Lifetri Groep, Baarn Bidco at foundation on the 12 October 2017, issued one share with a nominal value 0.01.

### Share premium (3.)

**Share premium**

| *in thousands of euros* | 2019 | | 2018 | |
|---|---|---|---|---|
| **At 1 January** | | **58,497** | | **-** |
| Share premium contribution | - | | 58,497 | |
| **At 31 December** | | **58,497** | | **58,497** |

The share premium concerns the income from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income). The share premium is freely distributable.

### Revaluation reserve subsidiairy (4.)

**Revaluation reserve subsidiairy**

| *in thousands of euros* | 2019 | | 2018 | |
|---|---|---|---|---|
| **At 1 January** | | **1,583** | | **-** |
| Revaluation reserve subsidiairy | 28,028 | | 1,583 | |
| **At 31 December** | | **29,611** | | **1,583** |

The legal reserve for associates pertains to consolidated participating interests that are measured at net asset value. The reserve is equal to the share in the results and direct changes in equity (both calculated on the basis of the Company's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that the Company has been entitled to since the first measurement at net asset value, and less distributions that the Company may effect without restrictions. As to the latter share, this takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

**Other reserves (5.)**

**Other reserves**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **At 1 January** | **-** | **-** |
| Result last bookyear | -4,113 | - |
| **At 31 December** | **-4,113** | **-** |

**Result before aproppriation (6.)**

**Result before aproppriation**

| *in thousands of euros* | 2019 | 2018 |
|---|---|---|
| **At 1 January** | **-4,113** | **-** |
| Result current year | -35,732 | - |
| Mutation to other reserve | 4,113 | - |
| Result last bookyear | - | -4,113 |
| **At 31 December** | **-35,732** | **-4,113** |

The Management Board proposes to charge the result of EUR -35.732 to the other reserves within the shareholders' funds. The Supervisory Board has approved this proposal. The Shareholders' General Meeting has to decide on this proposal.

## 5.6 Notes to the Income statement

**Result from subsidiary (1.)**

Income consists of result of subsidiary.

## 5.7 Contingent liabilities and commitments

Baarn Midco B.V. is part of the fiscal unity which also includes Lifetri Groep, Lifetri Uitvaartverzekeringen and Lifetri Verzekeringen. As a result the Company is liable for all tax claims within the fiscal unity.

**Subsequent events**

For the disclosure on subsequent events that are relevant to the Company, reference is made to the disclosure on subsequent events in the notes to the consolidated financial statements.

Hilversum, 24 April 2020

Management Board

P.D.A. Wits

I.A.T. van den Bosch

D.L. Wanek

V.L.T. Zampiga

# Other Information

## 6. Appropriation result according to the Articles of Association

According to the company's articles of association, the results are at the disposal of the Shareholders' General Meeting.

## 7. Independent auditor's report

## Independent auditor's report

To: the General Meeting of Shareholders of Baarn Midco B.V.

## Report on the accompanying consolidated financial statements

### *Our opinion*

We have audited the consolidated financial statements 2019 of Baarn Midco B.V., based in Amsterdam.

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of Baarn Midco B.V. as at 31 December 2019 and of its result for the year ended on 31 December 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1 the consolidated balance sheet as at 31 December 2019;

2 the consolidated profit and loss account for the year ended on 31 December 2019;

3 the consolidated and company statement of comprehensive income for the year ended on 31 December 2019;

4 the consolidated and company cash flow statement for the year ended on 31 December 2019; and

5 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 consolidated financial statements' section of our report.

We are independent of Baarn Midco B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence 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.

### *Report on the other information included in the annual report*

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

— composition of the Board;

— introduction;

— the report of the management Board;

— other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the consolidated financial statements and does not contain material misstatements;

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

Management is responsible for the preparation of the other information, including the report of the management Board, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

## *Description of the responsibilities for the consolidated financial statements*

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

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

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

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

Our objective is to plan and perform the audit engagement 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 during our audit.

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

- identifying and assessing the risks of material misstatement of the consolidated financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures; and
- evaluating whether the consolidated 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. 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.

Utrecht, 24 April 2020

KPMG Accountants N.V.

A.J.H. Reijns RA