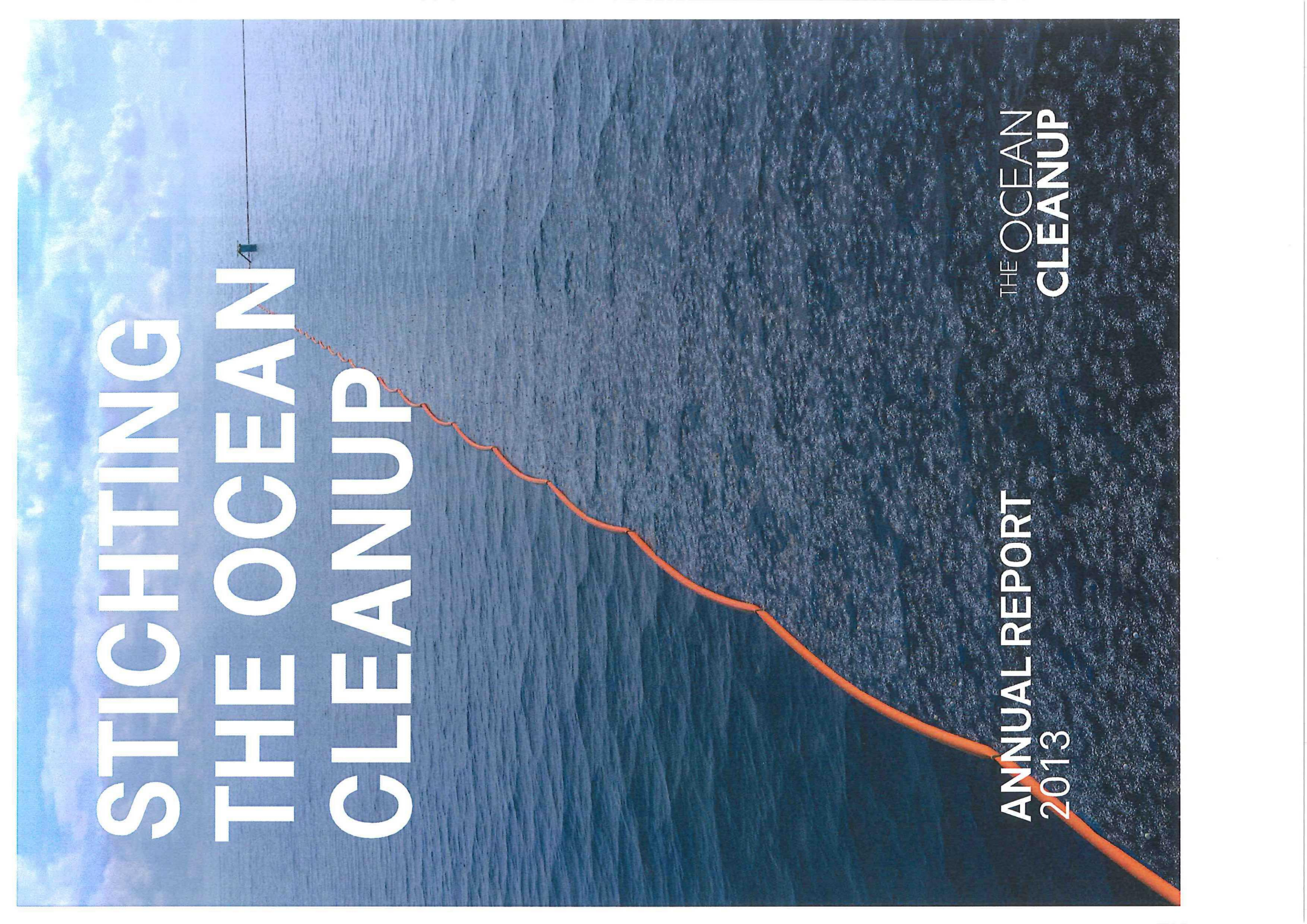


STICHTING THE OCEAN CLEANUP

An aerial photograph of a vast blue ocean under a clear sky. A long, winding line of red buoys stretches from the bottom left towards the top center of the frame, creating a strong diagonal visual element.

ANNUAL REPORT
2013

THE OCEAN[®]
CLEANUP

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AUDITORS REPORT



MANAGEMENT REPORT

Stichting The Ocean Cleanup (English: The Ocean Cleanup Foundation) is a foundation established under the laws of the Netherlands, with its registered office at Stevinweg 4, D: DREAM Hall, 2628 CN, Delft, the Netherlands.

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The board of the Foundation is composed of at least three, and at most seven living persons, whereby preference goes towards an uneven number. The board decides upon the amount of board members. A non-complete board keeps its powers. The board can internally appoint its chairman, secretary, and treasurer. One board member can uphold multiple functions within the board.

At this moment The Ocean Cleanup has three board members:



Mr. B.D. Šlat chairman



Mr. F.D. Ratelband secretary



Mrs. F. Hoes treasurer

The Ocean Cleanup is aimed at environmentally friendly, large-scale, and efficient removal of plastic pollution from aquatic ecosystems, while increasing awareness by simultaneously communicating this process intensively. The Ocean Cleanup develops technologies to extract, prevent, and intercept plastic pollution. The Ocean Cleanup's goal is to fuel the world's fight against oceanic plastic pollution by initiating the largest cleanup in history. In order to fulfill this mission, we adhere to a policy that is characterized by the following principles:

1. STRUCTURED AND EFFICIENT

Our work has been divided into three phases:

- Phase 1: Feasibility study
- Phase 2: In-depth R&D to remove all uncertainties left after the feasibility study through a series of upscaling tests, working towards a large-scale and operational pilot.
- Phase 3: Execution of cleanup

2. TRANSPARENT

The Ocean Cleanup strives to full transparency of its activities and expenditures, by publishing yearly statements and balance sheets on our website. Going much further than the required ANBI compliances, The Ocean Cleanup releases an audited annual report, as well as unaudited quarterly statements. Furthermore, The Ocean Cleanup plans to organize a yearly stakeholder meeting to which all partners and financial contributors will be invited, a move unique to nonprofit organizations.

3. OPEN-SOURCE

Since the outcome of the project is aimed to support the common good, and its feasibility study has been financed by crowd funding, The Ocean Cleanup believes created intellectual property should be open-source, unless a protection is in the interest of the project's outcome.

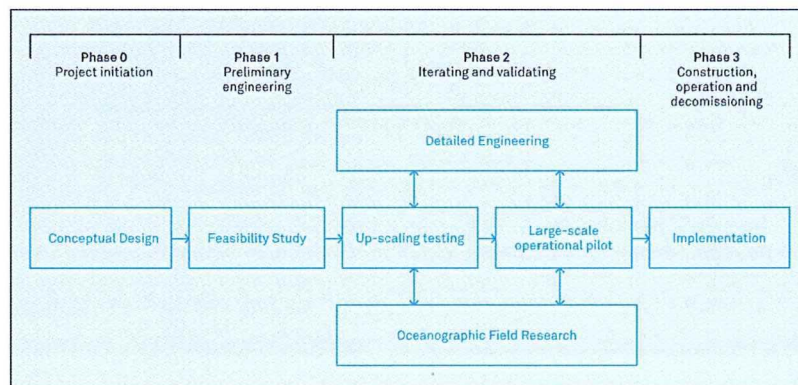
The primary activities of the foundation include:

- Developing technologies for large-scale, passive and efficient removal of plastics from the oceans
- Developing spin-off technologies to help mitigate the inflow of new plastics into the oceans
- Helping to raise awareness about the scale and urgency of the problem

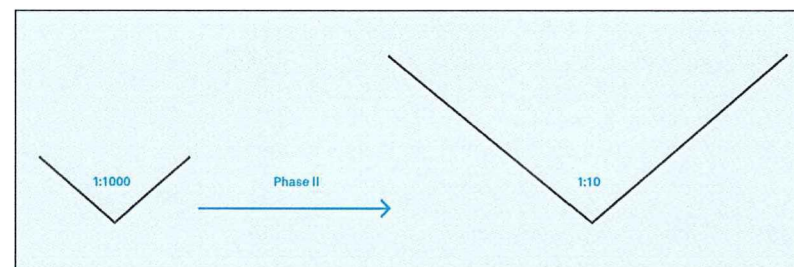
The feasibility study was funded in 2013 thanks to a first crowd funding campaign, as well as ongoing donations throughout this first phase. After successfully finishing Phase 1 in June 2014, a new crowd funding campaign was initiated, to raise the funds needed to start with the Pilot Phase. Within the 100-day timeframe, we successfully reached our 2 million USD goal. Since we believe a full-time core team is necessary to coordinate the large projects within phase 2, we are currently recruiting an additional 7 people.

Through a series of scaled-up tests, The Ocean Cleanup now works towards a large-scale and fully operational pilot in 3 to 4 years' time. The phase is divided into three sections: the scale model tests (2A), the up-scaled tests (2B), and the large-scale test (2C). The large-scale test will serve as the final stepping stone before the full implementation of the pilot array. In this phase, The Ocean Cleanup acts as a control centre of knowledge, funding, and communication, while the R&D is primarily outsourced to partners to decrease cost and increase quality. In-depth research and communication strategies are designed around these pilots.

The first ocean pilot will be the final deliverable for phase 2A, by the end of 2015. In the 12 months leading up to this first pilot, the required oceanographic and engineering foundation will be laid on which pilot 1 will be built. This includes an in-depth understanding of the physical properties of the problem itself, as well as the further iteration, detailing, and validation of the design.



The actual scale and function of each test will depend on the characteristics of the location, and the results of detailed engineering and oceanographic research, as well as the output of the previous tests. The scale will likely range from ~100 m at the scale model test (1:1000) to ~10 km in the large-scale operational test (1:10).



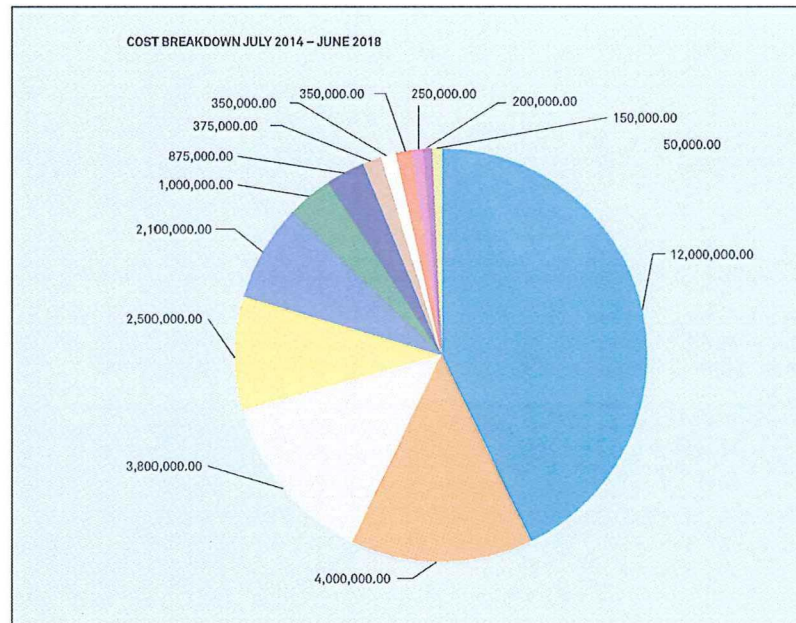
The majority of the oceanographic field research will be in the first year, because many engineering topics require the oceanographic results as input parameters—environmental conditions, soil conditions, plastic flux, etc. In addition to investigating pre-defined research topics (including forces, boom-particle interaction, moorings, survivability, etc.), and practicing operational procedures, these tests will serve to reveal any unforeseen interactions between the structure and the environment.

COST BREAKDOWN

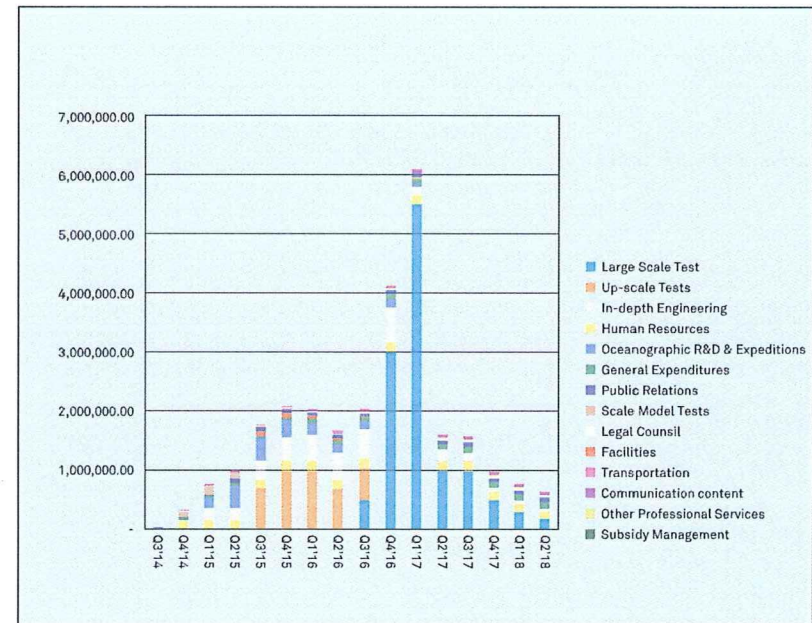
The Phase 2 costs are projected expenditures we anticipate incurring during the next 3.5 to 4 years. They are a best-made estimate considering available current market data; for example: salaries, R&D, and various capital and operational aspects. These are forward-looking costs subject to change as more detailed information is obtained.

The current total cost estimate for Phase 2 is €28.0 million. Based on the cost breakdown over time, three distinct sections can be identified: 2A, 2B, and 2C, which each has a distinct form of funding.

Phase 2's estimated costs per category from July 2014 to June 2018



Phase 2's anticipated Expenditure Timeline according to the respective cost categories



Delft, 15 December 2014
Stichting The Ocean Cleanup

B. Slat
F. Ratelband
F. Hoes

Chairman
Secretary
Treasurer

FINANCIAL STATEMENTS

2.1 BALANCE SHEET AS AT 31 DECEMBER 2013

ASSETS		
FIXED ASSETS		
TANGIBLE FIXED ASSETS		
OTHER FIXED ASSETS	1	€ 3,352
CURRENT ASSETS		
RECEIVABLES		
TAXES AND SOCIAL SECURITY PREMIUMS	2	€ 2,620
CASH	3	€ 56,571
		€ 62,543

LIABILITIES			
CAPITAL			
CAPITAL	4		
OTHER RESERVES			€ 58,700
SHORT TERM LIABILITIES			
TRADE CREDITORS	5	€ 1,843	
OTHER LIABILITIES AND ACCRUED EXPENSES	6	€ 2,000	
			€ 3,843
			€ 62,543

2.2 STATEMENT OF INCOME AND EXPENSES FOR THE PERIOD

15 FEBRUARY 2013 UNTIL 31 DECEMBER 2013

INCOME	7		€ 85,722
EXPENSES WORK CONTRACTED OUT AND OTHER EXTERNAL EXPENSES	8	€ 3,754	
OTHER STAFF EXPENSES	9	€ 8,685	
DEPRECIATION OF INTANGIBLE AND TANGIBLE ASSETS	10	€ 568	
SELLING EXPENSES	11	€ 2,115	
OFFICE EXPENSES	12	€ 2,106	
GENERAL EXPENSES	13	€ 7,481	
TOTAL OPERATING EXPENSES			€ 24,709
OPERATING RESULT			€ 61,013
INTEREST AND SIMILAR EXPENSES	14		- € 2,313
RESULT FROM ORDINARY ACTIVITIES			€ 58,700

2.3 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

The annual accounts have been drawn up in accordance with Standard 640 'Non profit organizations'.

FOUNDING AND ACTIVITIES

Stichting The Ocean Cleanup was incorporated on February 15, 2013 and has its registered office in Delft. Stichting The Ocean Cleanup is registered at the Chamber of Commerce under the number 57262632.

Stichting The Ocean Cleanup is a non profit organization.

Stichting The Ocean Cleanup aims to:

- A. develop technologies to remove plastic pollution from the oceans on a large scale;
- B. develop technologies to remove plastic from the waste streams before it reaches the oceans on a small scale.

Stichting The Ocean Cleanup seeks to achieve this by:

- working together with students and industry to answer/solve questions in the field of (among others) technical, scientific, economic and legal matters adequately;
- Conducting feasibility studies;
- Promoting research and development;
- Organizing symposia.

All the aforementioned in the widest sense of the word.

TRANSLATION OF FOREIGN CURRENCY

Accounts in USD or other foreign currency are translated at the exchange rate prevailing at balance sheet date.

ACCOUNTING POLICIES IN RESPECT OF THE VALUATION OF ASSETS AND LIABILITIES

GENERAL

The financial statements are prepared in €.

Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at cost less accumulated depreciation and, if applicable, impairments. Depreciation is based on the useful life and calculated as a fixed percentage of the acquisition price, taking into account any residual value. Depreciation starts at the moment of commissioning.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at face value less a provision for bad debts.

ACCOUNTING POLICIES IN RESPECT OF RESULT DETERMINATION

GENERAL

Income and expenses are accounted for on accrual basis. Income is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

INCOME

The revenues in the Statement of Income and Expenses are the donations received from individuals and businesses.

EXPENSES WORK CONTRACTED OUT AND OTHER EXTERNAL EXPENSES

Costs of subcontracted work and other external costs are allocated to the period concerned.

DEPRECIATION

Depreciation of other fixed assets is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is calculated from the date an asset comes into use. Book profits and losses upon disposal of a business asset are included in depreciation.

OTHER OPERATING EXPENSES

Costs are taken into account under the historical cost convention and allocated to the period concerned.

NET FINANCIAL RESULT

Interest income and expenses consist of interest received from or paid to third parties.

BUDGET

In accordance with RJ 640.204 the organization has to publish the budget of the actual year including an explanation of the major differences between budget and actual income and costs. For the financial year 2013 no budget has been prepared as the budget per financial year is not a management instrument. The Stichting Ocean Cleanup has a budget per Phase covering several financial years and not a financial year in particular. As of the year 2015 Stichting The Ocean Cleanup shall also publish a budget per financial year.

2.4 NOTES TO THE BALANCE SHEET

FIXED ASSETS	
1 TANGIBLE FIXED ASSETS	
	OTHER FIXED ASSETS
BOOK VALUE AS AT 15 FEBRUARY 2013	-
MOVEMENTS	
INVESTMENTS	€ 3,920
DEPRECIATION	- € 568
BALANCE MOVEMENTS	€ 3,352
BALANCE AS AT 31 DECEMBER 2013	
PURCHASE PRICE	€ 3,920
ACCUMULATED DEPRECIATION	- € 568
BOOK VALUE AS AT 31 DECEMBER 2013	€ 3,352
DEPRECIATION PERCENTAGES	20%

Tangible fixed assets are depreciated as follows:

ICT workstation and other fixed assets are depreciated in equal annual instalments

CURRENT ASSETS	2013
2 TAXES AND SOCIAL SECURITY PREMIUMS	
BOOK VALUE AS AT 31 DECEMBER 2013	
VALUE ADDED TAX	€ 2,620

3 CASH	
TRIODOS BANK	€ 15,667
TRIODOS BANK SAVINGS ACCOUNT	€ 40,000
PAYPAL	€ 904
	€ 56,571

Cash is freely available to the Foundation.

Movements in capital were as follows

4 CAPITAL	
	OTHER RESERVES
BALANCE AS AT 15 FEBRUARY 2013	-
RESULT FOR THE YEAR	€ 58,700
BALANCE AS AT 31 DECEMBER 2013	€ 58,700

SHORT TERM LIABILITIES	2013
5 TRADE CREDITORS	
BOOK VALUE AS AT 31 DECEMBER 2013	
TRADE CREDITORS	€ 1,843

6 OTHER LIABILITIES AND ACCRUED EXPENSES	
AUDIT AND CONSULTANCY COSTS	€ 2,000

2.5 NOTES TO THE STATEMENT OF INCOME AND EXPENSES

	15 2 2013 / 31 12 2013
7 INCOME	
DONATIONS	€ 85,722

8 EXPENSES WORK CONTRACTED OUT AND OTHER EXTERNAL EXPENSES	
RESEARCH EXPENSES	€ 3,754
RESEARCH EXPENSES	
SUBCONTRACTED WORK	€ 2,003
MATERIALS	€ 1,751
	€ 3,754

Average number of employees

During the financial year there were no people employed.

	15 2 2013 / 31 12 2013
13 GENERAL EXPENSES	
VOLUNTEERS FEE	€ 3,000
TRAVEL EXPENSES	€ 3,132
FLIGHT AND HOTEL EXPENSES	€ 2,553
	€ 8,685

10 DEPRECIATION OF INTANGIBLE AND TANGIBLE ASSETS	
DEPRECIATION OF TANGIBLE FIXED ASSETS	€ 568
DEPRECIATION OF TANGIBLE FIXED ASSETS	
OTHER FIXED ASSETS	€ 568

11 SELLING EXPENSES	
REPRESENTATION EXPENSES	€ 1,400
ADVERTISING EXPENSES	€ 483
BUSINESS PRESENTS	€ 142
	€ 2,115

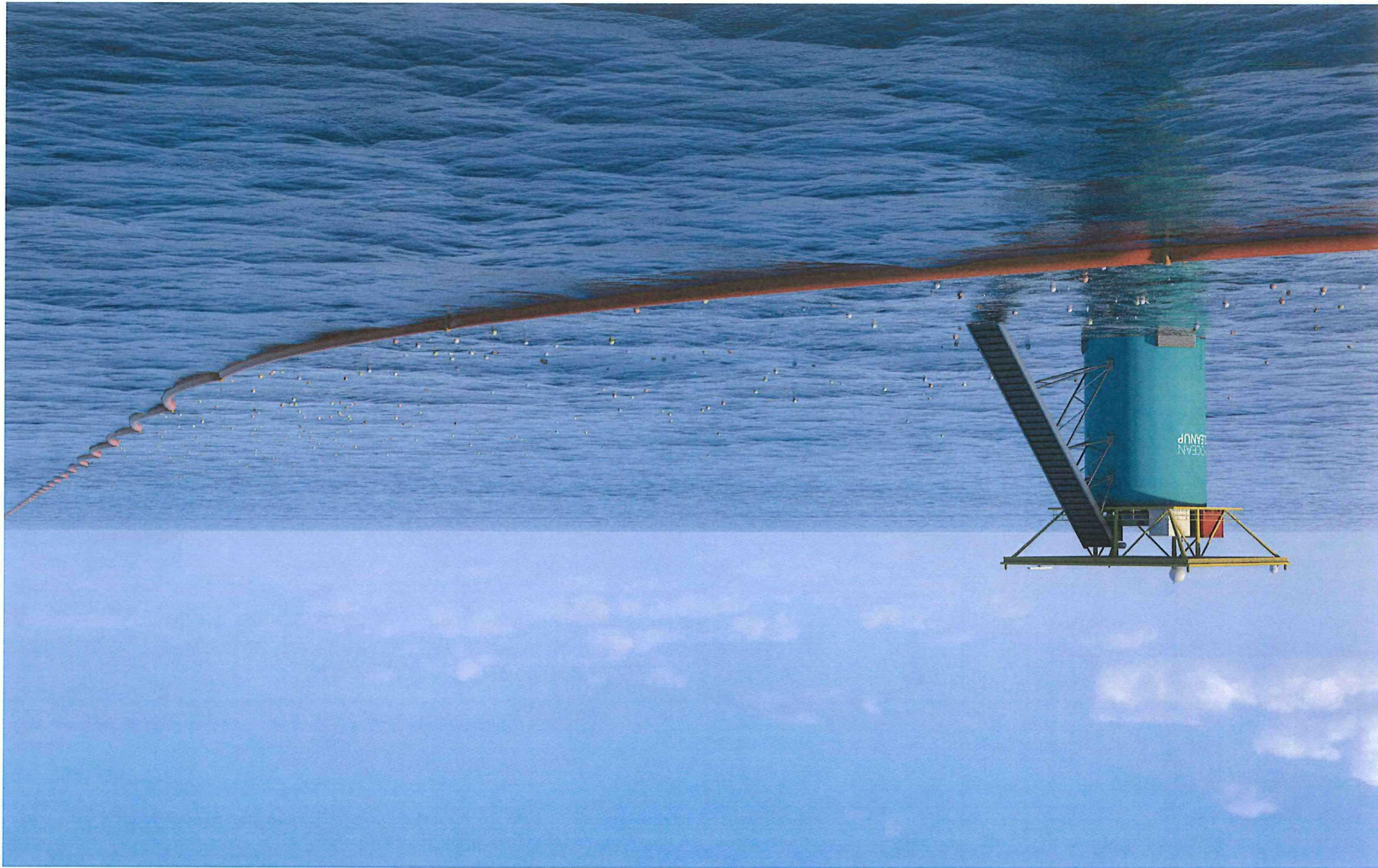
12 OFFICE EXPENSES	
OFFICE SUPPLIES	€ 1,285
TELEPHONE AND FAX EXPENSES	€ 614
PRINTING EXPENSES	€ 109
OTHER	€ 98
	€ 2,106

	15 2 2013 / 31 12 2013
13 GENERAL EXPENSES	
FREIGHT EXPENSES	€ 5,054
AUDIT COSTS	€ 2,000
IT EXPENSES	€ 412
INSURANCE PREMIUM	€ 9
POSTAGE	€ 6
	€ 7,481

14 INTEREST AND SIMILAR EXPENSES	
PAID BANK CHARGES AND INTEREST	€ 2,313

Delft, 15 December 2014
Stichting The Ocean Cleanup

B. Slat Chairman
F. Ratelband Secretary
F. Hoes Treasurer



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