

ESOMAR

Abbreviated Financial Statements 2019

Management report

Management review

ESOMAR was founded in 1948 as the European Society for Opinion and Marketing Research (ESOMAR or “the Society”). The registered office of the Society is in Amsterdam, the Netherlands (chamber of commerce number 54165458). Operations are managed from the office, which is located at Atlas Arena, Hoogoorddreef 5, 1101 BA Amsterdam, The Netherlands. The Society has a 100% subsidiary: ESOMAR B.V., which is registered in the Netherlands (chamber of commerce number 33299075).

Besides the Management Team the ESOMAR office has employees active in the following teams Membership and Support Services (Membership, Directory, Web, R&D, Finance and Human Resources Relations), Events, Marketing & Communications, Business & Professional Development (Development & Education, Sales) and Community Management (Government Affairs and Professional Standards, Global Market Research Analysis).

Within ESOMAR all employees are bound by the standards of performance and behaviour at work, which are written down in the Personnel Manual that also contains paragraphs with regard to valuing diversity and dignity at work. The Personnel Manual is being updated annually.

Looking at the worldwide macro-economic picture, global growth recorded its weakest pace in 2019 since the financial crisis a decade ago. Rising trade barriers and associated uncertainty impacted on business sentiment and activity globally. Tariff wars between the US and China; weaknesses in large emerging markets such as Brazil, India, Mexico, and Russia; coupled with geopolitical tensions (Iran), and social unrest in countries such as Venezuela, Libya and Yemen, completed a very challenging economic picture.

Yet, while the final months of 2018 highlighted many of these fears (US interest rate rises, China’s economic slowdown etc), it was a surprise to everyone just how strongly stock markets rallied over the year. Technology developments and “new economy” stocks in China propped up markets despite political uncertainties about Presidential impeachment in the US, Brexit, a UK general election and worldwide climate change demonstrations. Indeed, you could say that market responses in 2019 were more about hopes for 2020 than the substance of 2019.

Nonetheless, firms (generally) turned cautious on long-range spending; demand for durable goods declined significantly and so Global trade - which is very dependant on durables and their components – slowed to a practical standstill. While central banks reacted quickly and the stimuli they initiated did

In thousands of euro	2017	2018	2019
Revenue	5,609	5,412	5,330
Operational expenditure	(3,941)	(3,913)	(3,639)
Total General expenditure	(1,567)	(1,464)	(1,785)
Subtotal	101	35	(94)
Financial results (incl. Assets portfolio, etc.)	80	(78)	247
Operating results before special expenses	181	(43)	153
Council approved expenses	(75)	(220)	(134)
Impairment of tangible fixed assets	(53)	-	-
Donation to ESOMAR Foundation	-	(50)	-
Net results (before tax)	53	(313)	19

help to avert a more accelerated slowdown, they could not completely compensate for the reduced confidence levels.

Perhaps linked with this increased uncertainty, the demand for business intelligence appears to have withstood the economic challenge, with a number of the larger players recording positive growth patterns, while the sector as a whole attracted significant levels of venture capital investment.

Against this background - knowing that the organisational changes and investments made in 2018 (registered under council expenses) would impact the expenditure in 2019 - strict cost control was key again in 2019. A re-allocation of the Asset portfolio across the equity, fixed income, alternative investment and money market asset classes at the start of 2019 resulted in a positive return on investments.

For the past number of years, the ESOMAR Council has developed on-going strategic and growth plans for our association, building quality initiatives, new technology platforms, increasing youth and client membership, facilitating a code update, and of course strengthening our lobbying capabilities. In 2019, this approach was neatly encapsulated and articulated by the President in a "Building Bridges" campaign, designed to reinforce existing relationships and build new ones where appropriate – such as a long-term US investment programme, designed to reinforce our in-market resource and grow our membership, presence and supportive influence in North America.

Our Govt Affairs resource continues to be a prime focus and 2019 saw continued development of our consultancy service, our delegation visits and the final programming stages of our monitoring tool (SERENE) that will hopefully be used by all associations in Europe, to help in providing transparency of data usage, and where appropriate, data breach; we hope to roll this out during the course of 2020.

2019 also highlighted that our Membership and Directory offerings needed to be reviewed, so that they could withstand the evolving needs of our member community, and so work started on refreshing the Directory service, and expanding our Membership services to all our member categories. Initiatives such as developing and increasing the capacity of ESOMAR artificial intelligence ANA, the ESOMAR TV, an education service for start-ups, client-only resources, all helped to further spread the word about the value of the research to a wider audience and underline ESOMAR's key role in facilitating the access to knowledge, increasing the network, and the relationship with academia and government.

Looking more specifically at our Asset portfolio, 2019 underscored the unpredictable nature of the investment market and the level of fluctuation that may be seen from one year to another; that said, the re-allocation of our portfolio (as described earlier) did have a very positive impact on the portfolio performance and helped to sustain the investments agreed for the year.

In thousands of euro	2018	2019
Revenue	5,412	5,330
Operational expenditure	(3,919)	(3,721)
General expenditure		
Overhead costs, salaries and social charges	(476)	(467)
Office expenses	(541)	(567)
Other expenses	(240)	(246)
Amortisation/depreciation of (in)tangible fixed assets	(471)	(557)
Total general expenditure	(1,728)	(1,837)
Total result (excluding special and financial results)	(235)	(228)
Impairment of tangible fixed assets	-	-
Financial result	(78)	247
Tax	49	-
Net result to accumulated funds	(264)	19

Highlights 2019

Given the above strategic focus of building bigger and stronger ESOMAR community, and bigger and stronger relationships with all of our partners, we have continued to support all the growing segments of the industry, including a significant step up in client side involvement, recruiting the next generation of researcher, reaching out to the Data Science community and communicating best practices.

Summary of the key activities and projects implemented during the last 18 months are:

ESOMAR Membership

- Corporate Membership remained strong; at the end of 2019, we had 570 Corporate Members - agencies and clients; slightly below 2018, many of these were research buyers – attracted by our client specific focus.
- The ESOMAR membership saw an increase year on year from December 2018 to December 2019 of 3% driven by Corporate membership which grew by 10%. Corporate membership made up 48% of the complete ESOMAR membership at the end of 2019 up from 45% at the end of 2018. This clear shift in the membership types prompted the Corporate membership offer to be strengthened with additional benefits including announcement of new members to the community through Research World, access to ESOMAR Plus privacy consulting for new Corporate members and a special offer on additional designated members under the Corporate membership license.
- With the current community of corporate members, we believe we reach more than 40,000 practitioners across the world.
- The Country Pages have been launched, collecting key information relevant for the Data, Research and Insights community on the ESOMAR website.

Young ESOMAR Society (YES)

- The age base of our Young ESOMAR Society – targeted at young professionals to increase their knowledge of, exposure to, and networking in our sector has been reduced to under 31 to better reflect what the industry feels a Young Researcher to be. It is clear that this group

of members is looking to increase their knowledge of research through their membership and that will be the focus of the offering.

Directory

- The directory offering was also strengthened in 2019 with a website refresh, additional advertising opportunities and a simplification of the offer. Additional online advertising of the platform has seen an increase in visitors and an increase in the amount of RFP's (Request for Proposals) coming through the platform.

Code and guidelines

- A new set of briefing questions has been launched to help those considering buying tools and services for data analytics. They will help buyers gain a better understanding of the tools and services that are being offered.
- Two consultations were launched for new guidelines on Primary Research and Duty of Care.
- Initial conversations have been started to update the Global Guidelines on Out of Home Measurement.
- Judith Passingham was appointed as the new Chair of the Professional Standards Committee, starting her tenure on 1 January 2020.

Advocacy & Public Affairs

- ESOMAR continued to lead and monitor progress on the EU's proposed ePrivacy Directive – defending a legally permissive environment for passive audience measurement to continue to flourish.
- ESOMAR's Legal Affairs and Professional Standards Committees successfully organised a delegation visit to Brussels, where it met high level officials including Research Commissioner Moedas' cabinet to discuss the value of research in Europe and state of progress of public trust campaigns run by ESOMAR, EFAMRO and national association partners.
- Work has been progressing on the development of GDPR Research Code of Conduct providing essential operational and compliance requirements and clarification for data analytics, research and insights actors. This project is jointly led by ESOMAR and EFAMRO and supported by national partner associations.

ESOMAR Plus

- ESOMAR now supports 104 ESOMAR Plus Subscribers around the world with data privacy matters, working with research and analytics agencies as well as end-clients.
- Since launching its new ESOMAR Plus Webinar Series In 2019, ESOMAR successfully led 7 webinars bringing together expert speakers.
- As part of its data privacy activities, ESOMAR championed the Smart Data Lab at the WebSummit in Lisbon, championing a smart and ethical approach to data.
- At WebSummit 2019 in collaboration with Kantar, ESOMAR facilitated a workshop for start-ups to demonstrate the value of the insights industry at this stage in their business.
- Under its ESOMAR Plus umbrella, ESOMAR launched its incubator and accelerator partnership programme, designed to help start-ups develop effective data strategies and implement privacy frameworks.

Disciplinary

- The ESOMAR AGM approved the updated Disciplinary Procedures
- By the end of 2019, there were 21 active complaints and 77 complaints have been successfully closed.

Associations

- Several additional associations signed the Partnership Agreement, resulting in 50 partner associations. The new signatures are RANZ, NiMRA, QRCA, The ARF, TUAD, CEISMU, ANIPE, SOMRA and MORES. All partner associations can be found on the Country Pages.
- With the help of the regional Zone Leaders, ESOMAR hosted association sessions for each continent of the world. These regional sessions continued to take place successfully, both online and physically during ESOMAR Congress and regional events in APAC and LATAM.
- The Association Sounding Board was formally elevated to the Associations Executive Committee, further strengthening its role in coordinating ESOMAR's priorities for collaborating associations.

Events

Our Global and Regional Events are a key activity area for ESOMAR and are scheduled to align with ESOMAR's

vision, mission and strategic objectives.

In 2019 we returned to key membership markets and explored new territories with a series of regional and thematic events around the world. We also dedicated time to amplifying our presence online and engaging our global membership community with more creative and experimental digital formats.

For the 24th edition of our Latin American conference we returned to São Paulo (last visited in 2015) and recorded an increase of 36% on delegate registration numbers; we then celebrated the 20th anniversary edition of our Asia Pacific event in Macau, a Portuguese territory until 1999 and now a Chinese Special Administrative Region, often called Hong Kong's twin.

Madrid was the venue for an intensive back-to-back event titled FUSION which focused on the unique contributions of both qualitative research and data science, as well as their combined strength. While the content was highly rated, the 4 day model was felt to be too long and will need adjustment.

The 10th anniversary edition of our Summer Academy was a great success, hosted in Amsterdam. For the occasion we moved from a hotel to a very special location, a building designed by noted Dutch architect Jo Coenen which serves as a public library – the perfect setting for learning with a programme of 6 training sessions, highlighted by the event having a waiting list of delegates!

Edinburgh was the host of our global data and insights summit – the 72nd Congress, as we returned to the United Kingdom with our flagship event after 13 years. We were delighted to be back in the UK and were given a wonderful welcome and tremendous support from the local membership community. Under the exciting theme of TRANSFORMATION we offered four days of cutting-edge, never before seen content, curated by industry-leading thinkers and professionals. We were honoured to welcome guests to the stage such as British information technology pioneer, businesswoman and philanthropist Dame Vera

Stephanie “Steve” Shirley CH DBE FREng FBCS as well as the highly entertaining and infamous TripAdvisor personality – Oobah Butler.

For a flagship event now in its 72nd edition we were thrilled with the participation of attendees from around the world both joining us at the venue but also virtually via our ESOMAR TV online broadcast, which reached an additional 3000 viewers for the event.

It should be noted that during each of these global and regional events, we offered additional activities to welcome new, as well as engage existing, members. We also offered dedicated discussion meet-ups for the client side research community under the header CLICK (Clients Learning & Inspiring Clients with Knowledge). These CLICK sessions have gained momentum over the last few years and in 2019 inspired ESOMAR to launch two thought leadership studies and two Client Summits.

For our Client Summits in 2019, we were privileged to be hosted by our corporate member MetLife for our US edition - in one of Manhattan's most iconic and recognizable skyscrapers! Our European edition in October was hosted by corporate member Unilever in London. Both created an incredible opportunity for ESOMAR to join a dialogue with corporate client researchers and we welcomed more clients and sponsors to both events than ever before.

With the help of the regional Zone Leaders, ESOMAR hosted association sessions for each continent of the world. These regional sessions continued to take place successfully, both online and physically during ESOMAR Congress and regional events in APAC and LATAM.

ESOMAR Communications & Brand Exposure

- Launch of ESOMAR Direct Marketing - restructuring and retargeting of the department into a direct marketing (DM) resource, including setting up of DM monitoring and measurement, OKR matrix and architecture, internal resource and efficiency and architecture and measurement for direct input of department onto revenue

- PR retainer continued with PR Agency Keen as Mustard: achieved exposure with 106 pieces of coverage, with a reach across market research and other marketing, tech and mainstream media with est 682M online readership. Media includes CNBC, YouGov, Marketing Week; launch of media partnership with the AMA (online exposure and cross promotion)
- New social media growth – +42% new followers (overall 50K followers)
- News monitoring and boost of ESOMAR news desk
- Research World re-launch, all KPIs in terms of performance surpassed
- Launch of global campaign for International Market Research Day 2 May - supported by 35+ associations globally, across 26 countries, estimated global reach of 200,000+ research professionals
- A re-branded and innovative concepts were once again introduced at Congress, hosted in Edinburgh, with 1,000 delegates, including Level Up, ESOMAR TV, stage design and others.
- Launch of #Be Data Smart global campaign - raising awareness about ethical use of data
- ESOMAR attended a series of market research and Tech industry events (key successes include Quirks, The Next Web, etc) to promote more widely the value of ethical use of data (#Be Data Smart movement)

ESOMAR Livestream

Our livestream audience continues to show steady growth at events and each Livestream we produce. In 2019 we achieved over 4,000 registrations on ESOMAR across the different livestreams, and 3,000+ viewers online excluding social media. This has undoubtedly helped us to continue to grow our individual and strengthen our corporate membership numbers, as well as brand awareness and audience reach with many more people getting exposed to our content and thought leadership. In 2019 we maintained testing the new TV concept outside of events as self-standing virtual events with TWO special editions - ESOMAR TV HQ Spring and Summer shows, with 800+ registrations.

Financial position and overview

Revenue

In 2019, the Society registered a turnover of EUR 5,330K, compared to EUR 5,412K in 2018, EUR 5,609K in 2017, EUR 5,670K in 2016 and EUR 5,572K in 2015.

- (1) Our events in 2019 saw an increase on commercial revenue combined with a decline in delegate revenue in comparison with 2018 but strong cost management meant an improvement in the bottom line result.
- (2) Membership revenue for 2019 increased by EUR 20K to EUR 2,051K (after re-allocation to other activities). A small growth compared to 2018 due to the success of the License fees and the ESOMAR plus services provided to our corporate members.

The Licensee package (i.e. all employees can register as “designated members” for a fixed annual fee) was first sold in 2017. The popularity of the licensee fee continued in 2019 where some modifications to the offer resulted in a further revenue growth (2017: EUR 33K, 2018 EUR 86K, 2019 EUR 119K).

The 2019 result continues the growth trend since the introduction of Corporate Membership in 2013:

(2019: 2,051K vs: 2018: EUR 2,031K vs. 2017: EUR 1,765K vs. 2016: EUR 1,760K vs. 2015 – EUR 1,736K vs. 2014 – EUR 1,513K vs. 2013 – EUR 1,500K).

- (3) The impact of corporate membership subscriptions has not only benefited the membership numbers but has also contributed significantly to the Directory results for 2019. 36% of all Directory revenue comes from corporate membership subscriptions vs. 37% in 2018, 40% in 2017, 35% in 2016 and 32% in 2015. Total Directory revenue increased from EUR 1,217K in 2018 to EUR 1,230K in 2019.

(4) Education (comprising summer academy, webinars and workshops) contributed positively to the 2019 accounts, generating a surplus of EUR 16K vs. EUR 10K in 2018, whilst conference related workshops were provided free of charge.

(5) Research World Advertising and ESOMAR publications also contributed positively to the surplus result, by EUR 54K compared to EUR 20K in 2018. The improved surplus was partially due to increased revenue from our publications and partially due to the cost saving on Research World magazine by reducing the number of issue to 2 instead of 6. Despite this reduction the magazine itself was still not able to break-even.

Expenditure

General Expenditure as per the table presented on page 4 increased compared to 2018 and 2017 mostly due to amortization and depreciation costs linked to the restructuring of the ESOMAR organization in line with our member and customer needs: 2019 – EUR (1,837)K vs. 2018 – EUR (1,728)K vs. 2017 – EUR (1,582)K.

The total result (excluding special and financial results) for 2019 as per the table presented on page 4 registered a negative result of EUR (228)K compared to EUR (235)K in 2018.

Although the portfolio remains conservative, it did perform well compared to 2018 especially due to the re-allocation of the portfolio across the equity, fixed income, alternative investment and money market asset classes. The ESOMAR registered a positive result of EUR 247K vs. EUR (78)K in 2018 vs. EUR 80K in 2017 vs. EUR 110K in 2016 vs. EUR 119K in 2015.

The solvency of ESOMAR is, as always, very good with a 63% score. With a total of cash and equivalent of EUR 3,533K at year end 2019 (3,069K I 2018) there is limited risk ESOMAR will not be able to cover their bills.

Financial risk management

Overview

The Group has exposure to credit, liquidity and market risk, from its use of financial instruments.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Principally it arises from the Group's receivables from investment securities and customers.

Investments

The Group limits its exposure to credit risk by mainly investing in triple-A rated bonds and securities (Standard & Poor's) and A from Moody's. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by each customer's individual characteristics.

The Group establishes an impairment allowance that represents its estimate of incurred losses regarding trade and other receivables and investments. The allowance consists of a specific loss component that relates to individually significant exposures.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for the current period. This is done by preparing cash flow budgets for the coming year and the current cash position (including cash position as part of asset management) is sufficient to cover the operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its financial instruments holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk investment.

The Group has mandated ABN AMRO Asset management to buy and sell securities and to maintain cash balances for investment purposes. All such transactions are carried out within the risk profile set by the Council of the Society of ESOMAR.

In order to manage market risks, the asset management portfolio performance is reviewed on a monthly basis by the management of ESOMAR.

Currency risk

The Group is exposed to currency risk on investments and purchases that are denominated in a currency other than the Euro.

Based on the risk assessment performed by the Group, the net exposure of the currency risk is kept to an acceptable level and therefore no hedge instruments are applied to manage the currency risk on investments and trade payables denominated in a foreign currency.

Interest rate risk

The risk of fluctuations in value of fixed income assets is not hedged.

Other market price risk

The primary goal of the Group's investment strategy is to maximize investment returns, keeping in mind the defined strategic mix agreed by Council and the management of ESOMAR. In accordance with this strategy all investments are designated at fair value through profit or loss since their performance is actively monitored and they are managed on a fair value basis.

Capital management

The Group monitors its capital which comprises all components of accumulated funds attributable to the members of the society. The Group's objective when maintaining capital is to safeguard the Group ability to continue as a going concern, so that it can continue to meet its strategy and benefits for other stakeholders.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. Following the capital management structure, the Group's strategy is to preserve a strong cash base and to have a spread investment portfolio.



Industry outlook 2020

At the time of writing, we are 120+ days into the covid-19 pandemic. Travel bans, border closures, restrictions on public and social gatherings, cancellations of all sporting fixtures and in many countries enforced lockdowns, are evident globally.

2020 was intended to be another year of innovative developments...a partnership approach with the Market Research Society of India promised to deliver over 600 delegates to our APAC event, scheduled in New Delhi; a partnership with APEIM in Peru was to allow us our first foray into a country outside of the "Big 4" economies in Latin America, in more than 25 years, and Congress was planned for Toronto, to support and reinforce Canada's revitalized contribution to the global research market. Now however, all plans have had to be postponed, and almost all our events converted to virtual or digital offerings.

As businesses struggle to get through this period, they will be relying heavily on their cash reserves. Even as "lock-downs" are slowly released, will borders be re-opened? Will visas be issued? Will airlines be flying? Will tickets be reasonably priced? And most importantly, will attendance at conferences be a priority for the limited discretionary expenditure that companies will have available?

While we are now exploring a variety of digital options and solutions to ensure we can continue to deliver topical, relevant and high quality content, we must also recognize that in this time of crisis, we must provide our members with as much resource as we can, to help and guide them in seeing this period through. ESOMAR will be available to our members; we will bring all the resources we have to bear, in their support, and we will advocate for our members to ensure that the research community recognizes and sustains those more vulnerable elements and adapts (eg) their payment frequency to ensure no-one is unduly disadvantaged. We must recognize that many members of our community do not have the financial resilience or broader resources of the larger companies, and so we must also continue to keep pressure on the legislators to

ensure that our core professional values – Trust, Privacy, respect and Confidentiality – are not undermined in this time when all data collectors will be seeking to “help” in resolving the economic challenge that quarantine brings and leverage the further opportunities that may bring.

On the positive side – to quote Winston Churchill – “Never let a good crisis go to waste”. This time does afford us an opportunity to examine how we can become more efficient, more sustainable and more durable (or resilient). In our sector, this will highlight (again?) the need for further digital transformation, the opportunities for expanding the application of machine learning, the increasing demand amongst citizens for companies to demonstrate an ethical data approach, and the opportunity to really showcase the critical value that research provides businesses and governments with fact-based guidance for their decisions.

On the more challenging side, most of the best-known technology companies have achieved their phenomenal growth because they are (essentially) data collection projects on an industrial scale and their valuations are based on the myriad ways that they leverage personal information. In some cases, this has been to the benefit of the individual citizen, but in some it has not, leading to the growing demand for more privacy. This highlights the need for an undertaking – such as that offered by ESOMAR membership and adherence to our Code – which will not only meet citizen and consumer needs, but can also be a new USP in the marketplace.

Of course, providing the services we wish to make available to members, as well as continuing our advocacy efforts, will all need to be maintained in a period when almost half of our revenue stream (events) may be impossible to achieve. As a result, we do believe that 2020 will be a year of financial loss, but also one wherein we should take the opportunity – as Winston Churchill said – to consider how we can re-formulate what we do. Our aim is to be able to continue to serve our members, while being able to better withstand such financial challenges. After all, it is evident that crises will now appear more frequently than ever before....

Our abbreviated financial Statements are prepared based on the continuity principle and although the covid-19 pandemic will have a negative impact on the financial outcome of 2020 and likely 2021 our financial fixed assets, EUR 5M at the end of 2019, of which 50% readily available in liquidities, provide us with more than enough cash reserves to allow us to meet all our financial obligations and guarantee the continuity of ESOMAR until such time as a vaccine has been developed, and we will be able to offer our members and non-members global and regional face-to-face events again.

Since the beginning of March – when the pandemic was officially recognized and the implication of the travel restrictions became clearer for us – we have been in cost reduction mode. All variable costs have been minimized; all fixed costs are being re-negotiated where possible and any pertinent government subsidies that may be available, have been applied for. In addition, a variety of different revenue and activity scenarios are produced and updated monthly, to provide Council with a clear picture of the likely result for 2020.

Finally, it has perhaps never been as important to stress that whatever success we can report in supporting you, our members, by deploying all our resources, is simply a reflection of your input and guidance; none of our activities or accomplishments can be achieved without your thoughts, contributions, critiques and debate; these have all guided us in our work and have facilitated the generation of those key ideas that will influence the industry over the next 20 years. To all our contributors, supporters, advisors and advocates, actual and future, we wish to extend a most sincere “Thank You”.

In these uncertain times, it is more important than ever to remember that any individual or company who chooses to join our community, sign up to the Code and invest in the future of this profession, demonstrates a clear and distinct desire to set themselves apart as a responsible, distinguished user of data and provider of insights. Never before has the ethics of data been so important and ESOMAR promises to support and develop that distinction with all that it does.

Lastly, we look forward enormously to welcoming you – irrespective of whether you are a member or non-member – to join us, to chat with us, to participate in an event with us, or to contribute in some other way with us, so that we may all truly celebrate and advance the cause of research. We regret that In 2020, these touchpoint occasions may need to be more virtual than face-to-face, but please know that we welcome every single one of our interactions with you, and we look forward to when we can see each other in person, again.

Amsterdam, 17 June 2020
The Board of Management,

Finn Raben
Director General

Marie-Agnès Mourot de Lathyle
Chief Finance & Operations Officer



Abbreviated consolidated statement of the financial position

As at 31 December 2019

In thousands of euro	2019	2018
Non-current assets		
Intangible assets	600	573
Property, plant and equipment	964	1,243
Financial fixed assets	5,010	4,822
Income tax deferred	32	32
Total non-current assets	6,606	6,670
Current assets		
Inventory	3	4
Receivables		
Debtors	225	306
Prepaid expenses and other receivables	304	646
Income tax receivable	58	33
Accrued income	48	50
	635	1,035
Cash and cash equivalents	1,035	608
	1,035	608
Total current assets	1,673	1,647
Total assets	8,279	8,317
Current liabilities		
Payables and accrued expenses	568	845
Income tax payable	-	-
Deferred income	2,452	2,232
Total current liabilities	3,020	3,077
Total assets less current liabilities	5,259	5,240
Financed by: accumulated funds attributable to the members of the Society	5,259	5,240

Abbreviated consolidated statement of profit or loss As at 31 December 2019

In thousands of euro	2019		2018
Professional standards and membership			
Membership and entrances fee	2,051		2,031
Local meetings	4		8
Membership expenditure	(487)		(465)
		1,568	1,574
Directory entries	1,230		1,217
Directory expenditure	(518)		(571)
		712	646
Other corporate and representation expenditure		(1,030)	(986)
Subtotal gross margin professional standards and membership		1,250	1,234
Professional development and events			
Congress revenue	1,164		1,206
Congress expenditure	(955)		(1,052)
		209	154
Conferences revenue	635		624
Conferences expenditure	(555)		(549)
		80	75
Education (workshops) revenue	61		112
Education (workshops) expenditure	(45)		(102)
		16	10
Publishing revenue	185		214
Publishing expenditure	(131)		(194)
		54	20
Subtotal gross margin professional development and events		359	259
Total gross profit		1,609	1,493
General expenditure			
Overhead costs, salaries and social charges	(467)		(476)
Office expenses	(567)		(541)
Other expenses	(246)		(240)
Amortisation and depreciation on intangible and tangible assets	(557)		(471)
Total general expenditure		(1,837)	(1,728)
Operating result (carry forward)		(228)	(235)

For the year ended 31 December 2019

In thousands of euro	2019	2018
Operating result (carried forward)	(228)	(235)
Finance income	288	(45)
Finance expenses	(41)	(33)
Net finance income / (expense)	247	(78)
Net result before tax	19	(313)
Income tax	-	49
Net result and comprehensive income attributable to the members of the Society	19	(264)

Abbreviated consolidated cash flow statement

For the year ended 31 December 2019

In thousands of euro	2019	2018
Operating result	(228)	(235)
Amortisation of intangible assets	207	188
Depreciation property, plant and equipment	350	282
Changes in provisions	20	-
Change in fair value Financial fixed asset	(86)	139
Gain/(loss) on disposal of Financial fixed asset	(157)	(20)
	106	354
Changes in inventory	1	2
Changes in debtors	61	(92)
Changes in prepaid expenses, other receivables and accrued income	253	(176)
Changes in payables and accrued expenses	(384)	321
Changes in taxes and social security	93	(111)
Changes in deferred income	220	166
Net cash flow from operations	350	464
Income tax paid	(25)	(50)
Interest paid	(41)	(78)
Net cash flow from operating activities	284	336
Cash flows from investing activities		
Interest received	275	16
Proceeds from sale of financial fixed assets	2,219	511
Acquisitions of investments	(2,112)	(402)
Acquisitions of intangible assets	(131)	(179)
Acquisition of property, plant and equipment	(71)	(467)
Net cash flow from/(used) in investing activities	180	(553)
Net cash from/(used) in financing activities	-	-
Net movement in cash and cash equivalents	464	(217)
Cash and cash equivalents at 1 January	3,069	3,286
Cash and cash equivalents at 31 December	3,533	3,069
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	1,035	608
Cash component of Asset Management	2,498	2,461
Cash and equivalent at 31 December	3,533	3,069

Abbreviated consolidated statement of changes in equity

For the year ended 31 December 2019

In thousands of euro	
Balance as at 1 January 2018	5,504
Net result for the year 2018	(264)
Balance as at 1 January 2019	5,240
Net result for the year 2019	19
Balance at 31 December 2019	5,259

Notes to the abbreviated consolidated financial statements for the year 2019

1 General notes

Activities

ESOMAR is the world organisation for enabling better research into markets, consumers and societies. With 5,599 (of which 42 applicants) members in 136 countries, ESOMAR's aim is to promote the value of market and opinion research in illuminating real issues and bringing about effective decision-making. In addition to the 5,599 individual members we are proud to have 578 corporate members, (of which 8 applicants) representing more than 40,000 employees, as part of our member base.

To facilitate this on-going dialogue, ESOMAR creates and manages a comprehensive programme of industry specific and thematic conferences, publications and communication as well as actively advocating self-regulation and the worldwide code of practice.

Registered office

ESOMAR was founded in 1948 as the European Society for Opinion and Marketing Research (ESOMAR or "the Society"). The registered office of the Society is in Amsterdam, the Netherlands. Operations are managed from the office, which is located at Atlas Arena, Hoogoorddreef 5, 1101 BA Amsterdam, The Netherlands. The Society has a 100% subsidiary: ESOMAR B.V., which is registered in the Netherlands.

Basis of consolidation

The abbreviated consolidated financial statements include the financial statements of the Society and its subsidiary ESOMAR B.V. ("the Group"), using the full consolidation method.

All material inter-company income and expenses, balances, transactions and profits and losses resulting from intra-group transactions are eliminated on consolidation. The Society

has a 100% subsidiary: ESOMAR B.V., which is registered in the Netherlands.

Continuity

The restrictions on foreign travel necessitated by the COVID-19 pandemic have halted all our face-to-face event activities, which represent almost half of all our revenues. As a result, 2020 will be a year of financial loss, but also one wherein we will take the opportunity to consider how we can re-formulate our structures and offerings, in order to be able to continue to serve our members, while being able to better withstand such financial challenges.

A variety of digital options and solutions have been implemented to ensure we can continue to deliver topical, relevant and high quality content to members, during this pandemic. Looking to the future when "lockdowns" may be released, borders re-opened and international travel allowed again, there is no guarantee that conference attendance will be a priority for the limited discretionary expenditure that companies will have available once the Covid-19 pandemic is over.

Since the beginning of March – when the pandemic was officially recognized and the implication of the travel restrictions became clearer for us – we have been in cost reduction mode. All variable costs have been minimized; all fixed costs are being re-negotiated where possible and any pertinent government subsidies that may be available, have been applied for. In addition, a variety of different revenue and activity scenarios are produced and updated monthly, to provide Council with a clear picture of the likely result for 2020.

Our financial fixed assets, EUR 5M at the end of 2019, of which 50% is readily available in liquidities, provides us with enough cash to allow us to meet all our financial

obligations and guarantee the continuity of ESOMAR until such time as a vaccine has been developed and we will be able to offer our members and non-members with our global and regional face-to-face events again.

Use of estimates and judgements

The preparation of abbreviated consolidated financial statements in compliance with Dutch GAAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

The estimates and assumptions that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Impairment allowance for doubtful debtors;
- Useful lives of intangible assets and property plant and equipment;
- Recoverability of the deferred tax asset.



2 General accounting policies

Basis of measurement

The abbreviated consolidated financial statements are prepared under the historical cost convention except for the following assets and liabilities, which are stated at fair value: derivative financial instruments, financial instruments and assets held for trading.

Functional and presentation currency

The abbreviated consolidated financial statements are presented in Euro thousands and rounded as such, which is equal to the functional currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised in other comprehensive income.

3 Accounting policies applied to the valuation of assets and liabilities

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement using the straight-line amortisation method with no residual value over the estimated useful life of the assets (5 years).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement using the straight-line depreciation method with no residual value over the estimated useful lives of the assets mainly as follows:

- Office renovation: 10 years
- Office equipment and furniture: 5 years
- Software: 3 years
- License fees: 2 years

Financial instruments

Non-derivate financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, including service concession receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Inventory

Inventories are stated at the lowest of cost and net realisable value. The cost of inventory is based on the FIFO method.

Impairment

An assessment is made at each balance sheet date whether there is an indication that an asset may be impaired. If any

such indication exists, an estimate of the asset's recoverable amount is made. An asset's recoverable amount is the highest of its fair value less selling costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

Recognition of Income, other than events

This represents revenues from third parties, mainly members of the Society.

- Membership fees are recognised in the income statement of the period to which they relate. Membership entrance fee is invoiced to new members only and recognised at invoice date.
- Directory income is recognised in the income statement of the period to which the fees relate.
- Publishing revenue is recognised in the income statement at shipment date.

Recognition of Income and expenses from events (Congress, Conferences and Education)

Congress, Conferences and Education revenue is recognised in the income statement on the date when the event takes place.

Deferred income

As far as revenue is presented on the balance sheet under Deferred income the amounts relate to the sum of what has been invoiced throughout the reporting year with regard to revenue to be recognised in the income statement of the following reporting year.

Expenditure

Expenditure is directly allocated to activities where possible; salaries are allocated based on the number of staff working for specific activities.

Defined contribution plans

Commitments for defined contributions to pension plans are recognised as expenditure in the income statement as incurred. The pension premiums payable as per balance sheet relate to the Group's contribution to the pension scheme.

Financial income net

Interest income is recognised in the income statement as it accrues. Dividend income is recognised in the income statement on the date the entity's right to receive payment is established. Furthermore, the financial expenditure comprises interest payable and management fees for Asset Management.

Income tax

Income tax on result is calculated by applying the current Dutch tax rate to the taxable result of the 100% subsidiary ESOMAR B.V.

No tax is due on the result of the Society, as these activities are tax exempt in The Netherlands.

Deferred tax assets

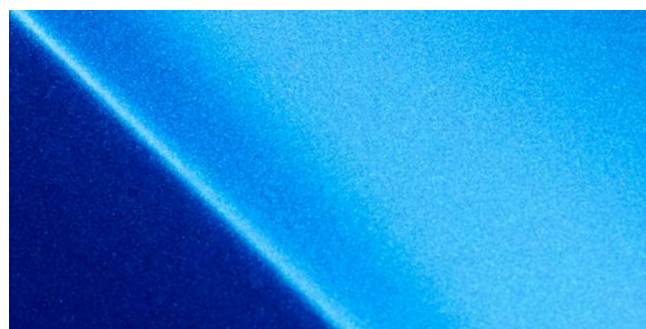
Deferred tax assets are recognized for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets

are only recognized insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses. The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income taxes are recognized at nominal value.

Cash flow statement

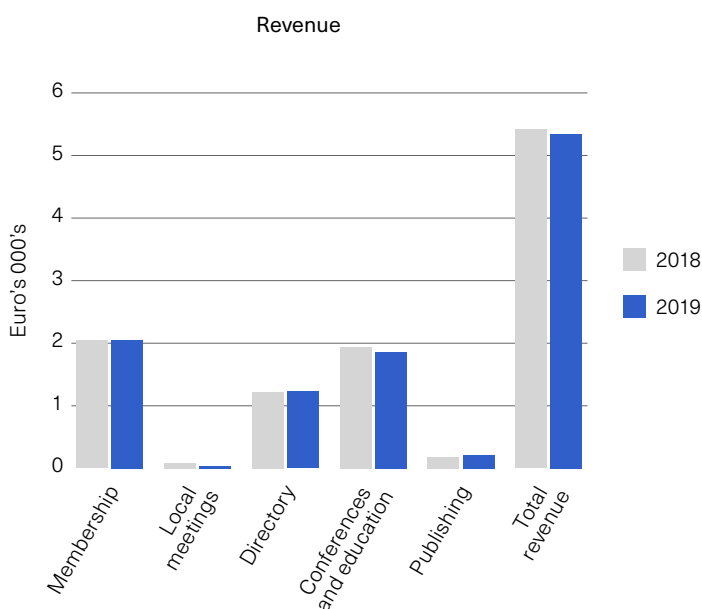
The abbreviated consolidated cash flow statement, which has been prepared according to the indirect method, shows the cash flow from operating activities, investing activities, financing activities and the cash position at the beginning and at the end of the year. Cash flow from operating activities is stated as operating result adjusted for non-cash operating items and working capital movements. Cash flow from investing activities comprises investments and divestments of intangible, tangible and financial assets.



Abbreviated consolidated statement of profit and loss for the year 2019

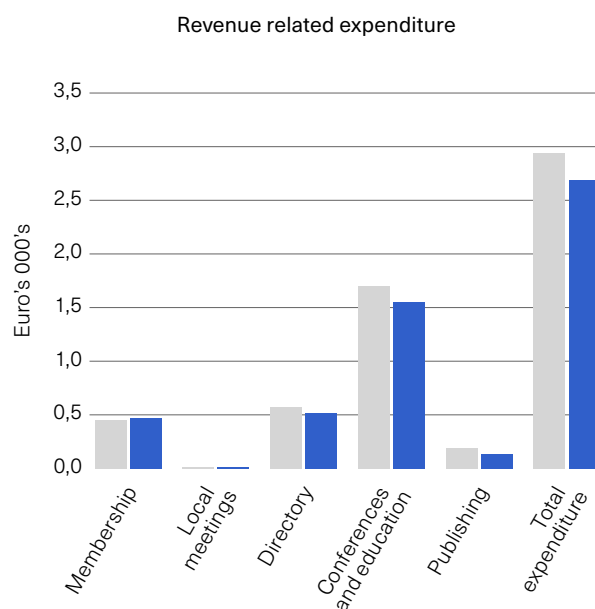
Revenue

Total revenues decreased by 2% from EUR 5,412K in 2018 to EUR 5,330K in 2019. Revenues can be analysed as follows: Membership and entrance fees EUR 2,051K (2018: EUR 2,031K), Local meetings EUR 4K (2018: EUR 8K), Directory entries EUR 1,230K (2018: EUR 1,217K), Conferences and education EUR 1,860K (2018: EUR 1,942K) and Publishing EUR 185K (2018: EUR 214K).



Revenue related expenditure

Total revenue related expenditure decreased by 8% from EUR 2,933K in 2018 to EUR 2,691K in 2019. Expenditure can be analysed as follows: Membership EUR 473K (2018: EUR 450K), Local meetings EUR 14K (2018: EUR 15K), Directory EUR 518K (2018: EUR 571K), Conferences and education EUR 1,555K (2018: EUR 1,703K) and Publishing EUR 131K (2018: EUR 194K).



Other corporate expenditure and representation

Corporate expenditure and representation can be specified as follows:

In thousands of euro	2019	2018
Governance (Council and committees)	82	92
Public Relations and Representation	248	191
Self-regulation	161	173
Market Research and Development projects	94	102
Other Industry Initiatives	38	64
Allocated salaries	407	364
	1,030	986

Overhead costs, salaries and social charges

Overhead costs, salaries and social charges can be specified as follows:

In thousands of euro	2019	2018
Overhead costs, salaries and social charges		
Salaries	1,826	1,911
Bonus accrual	-	-
Sickness benefit	(4)	(69)
Salaries and sickness benefit	1,822	1,842
Social security charges	288	304
Pension charges	156	152
Insurances	42	36
Travel allowance	45	47
Other salaries related costs	531	539
Salary cost allocated to events, publishing and other activities	(1,886)	(1,905)
Total	467	476

The pension charges relate to a defined contribution plan. The insurances charges relate to insurances of ESOMAR staff.

The average number of FTE taking into account part-timers converted during the year was 34 (2018: 38).

Office expenses

The office expenses can be specified as follows:

In thousands of euro	2019	2018
General office and personnel costs	52	65
Rental and lease costs	134	135
Telephone, internet and fax	42	42
Computer consultancy and license fees (*)	293	250
Cleaning	16	13
Electricity and gas	29	26
Other	1	10
	567	541

(*) License fees that are being depreciated over more than 12 months have been moved from office expenses to the intangible fixed assets.

Other expenses

The other expenses can be specified as follows:

In thousands of euro	2019	2018
Brand/General Promotion	16	22
Website/CRM	45	71
Advisory costs: tax, legal, etc.	108	34
Audit fees	55	45
Training personnel	22	18
Grant to ESOMAR Foundation	-	50
	246	240

Net finance income / (expense)

The net finance expense can be specified as follows:

In thousands of euro	2019	2018
Other income/financial results	-	1
Interest income on financial assets	22	25
Dividend income on financial assets	27	47
Net gain on disposal of financial assets	157	20
Change in fair value of financial assets	82	(138)
Finance income	288	(45)
Management fees	(24)	(29)
Bank charges	(17)	(4)
Finance expenses	(41)	(33)
Net finance income / (expense)	247	(78)

Related parties

Compensation of key management

The Board of Management is the group's key management.

The following table summarises the compensation received by key management:

In thousands of euro	2019	2018
Short-term employee benefits	365	359
Post-employment benefits	40	35
Total	405	394

The Society members elect a Council, voluntary unpaid non-executive directors who act in accordance with the statutes of the Society, on behalf of the members.

The Society reimbursed the expenses incurred by Council members amounting to EUR 23K (2018: EUR 14K).

Subsequent events

At the time of writing, we are 120+ days into the covid-19 pandemic.

The pandemic has impacted the world at large in 2020. Travel bans, border closures, restrictions on public and social gatherings, cancellations of all sporting fixtures and in many countries enforced lockdowns, are evident globally.

As mentioned earlier, the associated restrictions on travel have meant that ESOMAR is unable to host any of its face-to-face events this year, which correspondingly will mean we will lose almost half our turnover. As a result, 2020 will be a year of financial loss, but it will also be a year of reflection, to consider how we can restructure what we do in order to be able to continue to serve our members, while becoming more resilient to such financial challenges.

A variety of digital options and solutions have been implemented to ensure we can continue to deliver topical, relevant and high quality content to all our members during this time, and the "digitization" of our services will need to further accelerate in the months to come.

Our financial fixed assets, valued at EUR 5M at the end of 2019, (of which 50% is readily available in liquidities), provide us with enough cash to allow us to meet all our financial obligations and guarantee the continuity of ESOMAR until such time as a vaccine has been developed and we will be able to offer our members and non-members with our global and regional face-to-face events again.

Amsterdam and 17 June 2020

The Board of Management,

Finn Raben
Director General

Marie-Agnès Mourot de Lathyle
Director Finance & Services

Independent auditor's report

To: the members and the Council of The Society of ESOMAR

Our opinion

The abbreviated consolidated financial statements 2019 of The Society of ESOMAR, based in Amsterdam, are derived from the audited consolidated financial statements of The Society of ESOMAR.

In our opinion the accompanying abbreviated consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of The Society of ESOMAR in accordance with the principles described in note 1-3.

The abbreviated consolidated financial statements comprise:

1. the abbreviated consolidated statement of financial position as at 31 December 2019;
2. the abbreviated consolidated statement of profit and loss for 2019; and
3. the notes comprising a summary of the applicable accounting policies and other explanatory information.

Abbreviated consolidated financial statements

The abbreviated consolidated financial statements do not contain all the disclosures required by Part 9 of Book 2 of the Dutch Civil Code. Reading the abbreviated consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of The Society of ESOMAR including our auditor's report thereon. The abbreviated consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The audited consolidated financial statements and our auditor's report thereon

We expressed an unqualified audit opinion on those consolidated financial statements in our report dated 17 June 2020.

Our responsibilities

Our responsibility is to provide an opinion if the abbreviated consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, based on our audit, in accordance with Dutch law, including Dutch Standard on Auditing 810 Engagements to report on abbreviated financial statements.

Amstelveen, 17 June 2020

For and on behalf of BDO Audit & Assurance B.V.,



sgd.
A.P. van Veen RA

The global association
representing and driving
the data, research and
insights industry.