



ANNUAL REPORT ASSOCIATION HZPC

2021 – 2022

These financial statements are an English translation of the financial statements prepared on 12 October 2022. In case of any discrepancies or possible differences in interpretation between the English translation and the financial statements prepared on 12 October 2022, the latter prevail.

You can find the Dutch annual report of Association HZPC on the website under the heading governance.

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A close-up photograph of a hand holding a red pen, writing on a document. In the foreground, a rolled-up document is visible, showing a red circular logo and some text. The background is a blurred green, suggesting an outdoor setting. The text "01 REPORT FROM THE CHAIRMAN" is overlaid on the image.

01 REPORT FROM THE CHAIRMAN

Don't lose faith

We are still living in turbulent times. Just as the coronavirus crisis seems to be retreating, we are confronted with another crisis; the war between Russia and Ukraine. This has led to the European market, which was always stable and predictable, becoming less steady. There is uncertainty. But one thing remains: the demand for sufficient, nutritious food.

Growth continues

HZPC has been able to weather the coronavirus pandemic reasonably well. Now that the worst is behind us, we are doing all we can to catch up. Coronavirus meant that we had to take a substantial step back in terms of turnover and gross margin and, in turn, our operating result. Our long-term plan and the corresponding growth scenario was put on ice. Whereas we had estimated growth of a few percent per year, the rate of growth during coronavirus reduced to zero. We are now back to the old level, from before the coronavirus pandemic, and growth is continuing. We will not, however, recover those two years of missed growth.

Market developments

The coronavirus pandemic was somewhat intangible; it was hard to substantiate the various scenarios. This is not the case, however, with the war between Russia and Ukraine we have no idea how it will turn out but we are much more able to consider possible scenarios and detail the consequences for HZPC. We may well have to deal with supplementary European or Russian sanctions and transport restrictions. If tensions increase, we might even have to cope with the nationalisation of our Russian branch. In this case, our biggest concern would be having to transfer our intellectual property.

The unrest which comes with a war is being translated into shifts in the market. Grain prices and fuel costs have increased to record levels, leading to growers in some countries using their potato acreage to grow grain. This is a logical choice as it requires less effort and input and can earn the farmer the same or sometimes even more. This means that the supply of potatoes is reduced. And whereas globalisation has been the order of the day for the past few decades, we are now seeing movement in the opposite direction. If food supplies are jeopardised, countries that have the capacity to do so will move to producing more of their own foods.

Resilience and confidence

What the past few years have taught us is that HZPC is an exceptionally resilient business. We can weather the storms and move with a market that is constantly changing in a world full of surprises. One of our biggest strengths is that we are not based on one continent but are a potato breeder and trading house operating on a global scale. Although instability is facing Europe and some of the Middle East, there are numerous opportunities in growth markets such as India, China and Africa.

When it comes to Research & Development, we also are taking significant steps. With an eye on the future, we are developing varieties that are resistant to the challenges with respect to resistances, climate change, soil quality and available resources. Thanks to marker-driven breeding, we are able to accelerate and improve regular tetraploid breeding. Many promising new varieties will emerge in the short term. We realised great results with diploid breeding at the end of 2021. We are thus on track to introduce the first hybrid potato varieties to the African and Asian markets in 2025. This is a revolutionary development and HZPC is leading the field by a considerable margin.

The Association HZPC will remain 100% committed to the concept of providing a significant contribution to global food supplies. This framework can also accommodate the continued supply of seed potatoes – as long as this remains possible – to Ukraine and Russia. We have always supplied to both parties in conflict areas and will continue to do so. It is my personal belief that conflicts cannot be resolved if populations are going hungry.

I have considerable faith in this resilience and mission in terms of our customers, growers, employees and partners. This confidence is vital if we are to regard the future with a sense of reassurance, despite the uncertainties that sometimes come our way. Of this I am sure.

This annual report covers financial years 2021-2022. I hope you read it with great attention and pleasure.

Egbert de Vries

Chair Association HZPC

A man in a dark blue polo shirt and black cap stands in a field of green plants, looking towards the horizon under a clear blue sky. The man is seen from the back, with his head slightly turned to the left. The foreground is filled with out-of-focus green foliage, and the background shows a clear blue sky and some distant trees.

02 REPORT OF THE BOARD OF DIRECTORS

Financial year 2021/2022

Last year, the board of directors (hereinafter: the Board) worked hard on realising greater transparency for the internal certificates' market. As a result of increasing legislation and regulations, the board of directors also recognised the need to hand responsibility for the exchange to a professional body. The board thus put a proposal to the Members' general meeting in November 2021. Members approved the transfer of the exchange.

The decision by the members of Association HZPC means that from May 2022, trading will take place under the responsibility of Captin. We can now also use Captin's updated trading platform. As a result, there will be greater transparency during the trading period with regard to how the rate is set. Captin is a body that is regulated by the Authority of the Financial Markets (AFM). Trade via Captin takes place in line with the latest EU regulations and legislation.

The transfer of the exchange to Captin also means that Captin must accept the individual certificate holders as clients. Until May 2022, there was only a relationship between HZPC and the certificate holder. Captin was just the facilitator. As a result of the transfer of the responsibilities for trading to Captin, however, there is now also a direct relationship between Captin and the certificate holder. Certificate holders have been asked to identify themselves using an official means of ID and to accept the various conditions of the legislation and regulations. It is not possible to trade in the exchange without going through the identification process and accepting the general terms and conditions. This is in accordance with the EU's regulations.

The board would like to thank all members for their trust in taking this step.

Price development – certificates in the exchange last year

The trading day in November 2021 was the last trading day under the old structure. Under this old structure, certificate holders placed their buying and selling orders over a few weeks. Once these specific weeks had come to an end, there was a review of the price under which most of the orders could be fulfilled. In November 2021, the meant that certificate holders were once again confronted with a ten percent reduction in the price of HZPC share certificates (hereinafter: certificates). The huge supply of certificates was not absorbed by the corresponding rate of demand.

May 2022 was the first time that ongoing trading could take place in HZPC certificates for two weeks, on the Captin trading platform. As a result, the price was set on a daily basis. It was also possible for all certificate holders to see what was being traded. This was only visible, however, to certificate holders who had completed the identification process and accepted the general terms and conditions for trading on the exchange. Unfortunately this process has not yet been completed by all certificate holders. The board hopes that all certificate holders will finalise this process as quickly as possible.

The market fell again in May 2022. The increased bandwidth meant that the rate could fall by a maximum of 20%. This did, indeed, happen and the price after the trading period in May 2022 ended up at EUR 76.60. Supply once again outstripped demand.

Liquidity is relatively limited on the HZPC certificate exchange. There are 783,725 share certificates and the average demand currently lags behind the supply. This may change when the price reduces further, allowing potential certificate holders to buy their first share certificates or existing certificate holders to add to their stocks. However, it makes life difficult for certificate holders who wish to sell certificates. The Board of Association HZPC is

monitoring the trade in HZPC share certificates to ensure the trading days run properly. However, the price is set entirely on the basis of supply and demand and in the maximum bandwidth within which the share certificates can move.

Connecting Growers

The Board of Association HZPC is delighted that the Connecting Growers programme has been implemented in full this year. On the basis of the Connecting Growers programme, HZPC bought certificates worth EUR 1.5 million during the trading days in November 2021 and May 2022.

The Connecting Growers programme has been rolled out to growers from six EU countries, i.e. the Netherlands, Belgium, France, Poland, Germany and Finland. The aim of the Connecting Growers programme is to ensure that the majority of certificates remain in the hands of growers who grow for an HZPC organisation. Association HZPC, the Supervisory Board and the Executive team believe it is important that the Association HZPC and the company continues to be 'for and of' active growers. The Board of Association HZPC hopes to continue this Connecting Growers programme over the coming years.

As a result of changing laws and regulations, the certificates purchased under this programme are allocated to all growers who have a growing contract in the EU with HZPC for 2022. Participation in Connecting Growers is consequently almost 100%. The exception is growers with a seed potato contract who have explicitly stated that they do not wish to receive HZPC certificates. The board is naturally delighted with participation of almost 100% of growers who have signed a seed potato production contract.

The certificates purchased by HZPC in June 2022 and 2021 were transferred to the names of the participating active growers, within their Captin accounts. Every certificate holder can log into their Captin accounts and see how many certificates have been allocated over the past years.

It is important that all participants in the Connecting Growers programme identify themselves to Captin by logging into their Captin accounts. The board has decided that participants in the Connecting Growers' programme who have not identified themselves to Captin by the start of 2023 will be excluded from the Connecting Growers programme in 2023.

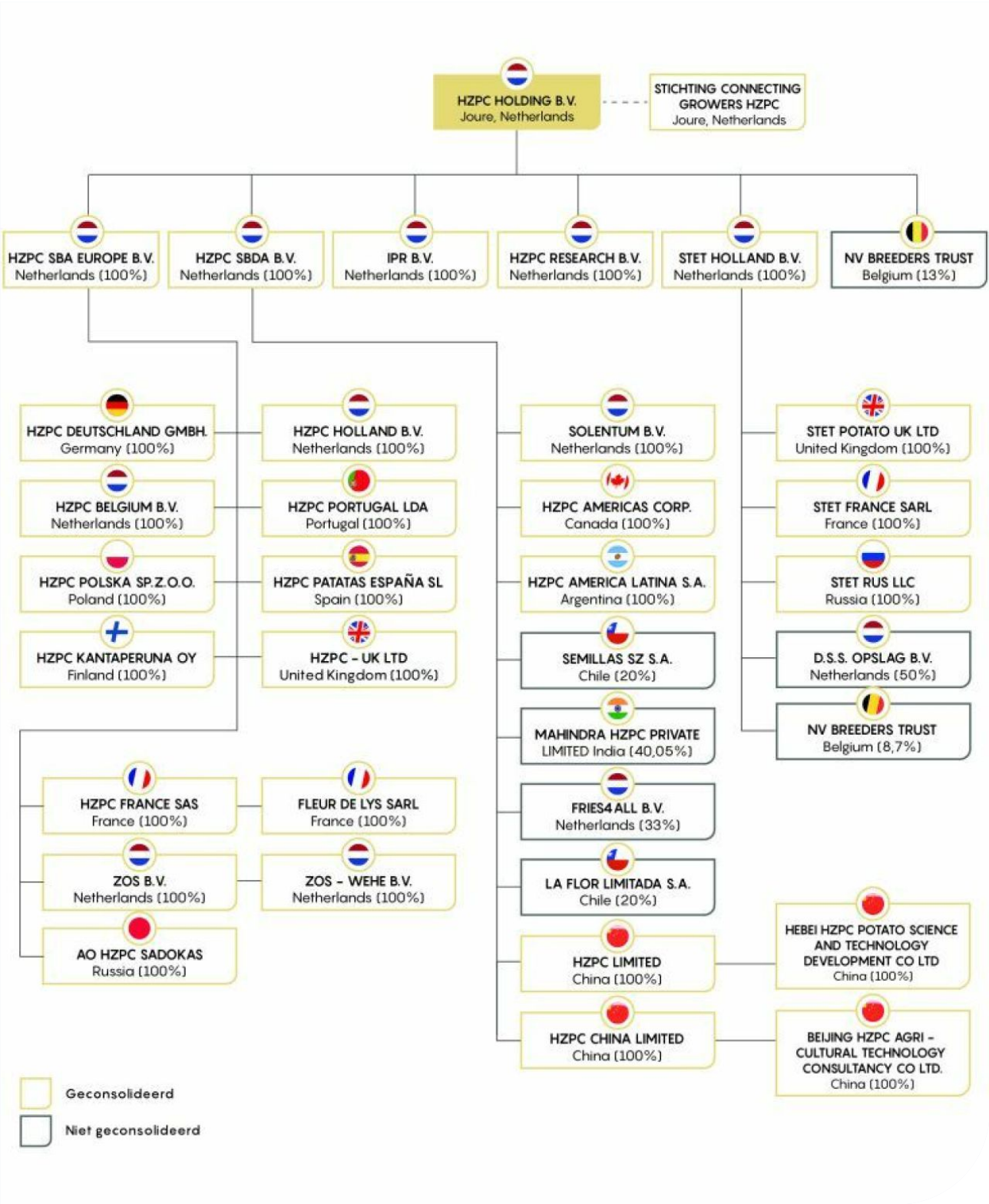
There were 2,582 certificate holders as of 30 June 2022. This is an increase of 662 which was entirely due to the Connecting Growers programme. The number of members in the Association HZPC now amounts to 1,183. These is an increase of 237 members compared to the last financial year.

Structure

The Association HZPC holds 783,725 shares in the Company and is therefore sole shareholder of HZPC Holding B.V. Association HZPC has issued all the shares in the form of certificates to natural persons and legal entities that comply with specific requirements. On behalf of its members, the Board of Association HZPC carries out the duties of shareholder at the General Meeting of Shareholders of HZPC Holding B.V. All of the activities of HZPC Holding B.V. focus on the potato product. HZPC carries out research, breeds varieties and grows seed potatoes, ware potatoes and mini-tubers. In addition, HZPC is working on other business models such as Woksi and Fries4All, which could offer support to the sales of HZPC's seed potatoes internationally.

As a result of the international growth of HZPC Holding B.V., the issues are no longer focussed entirely on the interests of Dutch growers. The Board of Association HZPC aims to represent the interests of all members both nationally and internationally. Members include (former) growers, (former) breeders and (former) personnel members. The autonomy and continuation of the HZPC organisation are therefore a guiding principle for the Board.

organisation structure



Results and dividend

The participation HZPC Holding B.V. has realised a result, before processing the costs for the Connecting Growers' programme, of EUR 7 million. The result before processing of the Connecting Growers programme is applied with respect to the dividend.

When the costs of the Connecting Growers programme are applied, the result comes out at EUR 5.5 million. The Return on Equity before HZPC Holding before processing Connecting Growers is 13.4%. This is in line with the historic average.

The Supervisory Board of HZPC Holding B.V. has decided, in line with standard policy, to issue two-thirds of the net profit. This means EUR 6 will be paid out per share certificate. This dividend has been incorporated in the annual accounts of the Association HZPC.

Particular focus on new Business Transformation Program

Alongside COVID-19 and the war in Ukraine, the new Business Transformation Program Aurora has been paid the necessary attention by the board of Association HZPC. In July 2022, a decision was made to approve the budget for the first year of Aurora. Subsequent budgets will be assessed on the basis of milestones achieved. Aurora will be on the agenda of every meeting of the board for the coming years.

Research & Development

HZPC Holding B.V. invests in Research & Development. This is a fixed item on the agenda in discussions between the Supervisory Board, the Executive Board and the Board of Association HZPC. This concerns questions such as: What should HZPC Holding do in that situation? How much money should be invested? In which areas can you cooperate?

Developments in plant breeding come about quickly. In the past, HZPC has invested a great deal in techniques which accelerate breeding and make the process more effective. These investments are beginning to bear fruit and the varieties that are being introduced now and in the future will represent a significant improvement on past varieties. In the past few years, great results have also been achieved in the hybrid potato breeding programme. Hybrid potato varieties allow botanical potato seed to be produced and distributed. These developments are expected to be a genuine 'game changer' in the longer term for potato production across the world. This means that there must be a disciplined, regular review of these developments. With the Executive Board taking the lead, the Supervisory Board advises and critically reviews whether we are on the right track. The Board of Association HZPC maintains an appropriate distance.

Risks

The risks for Association HZPC are limited. Ensuring that the trade in share certificates for HZPC Holding B.V. runs smoothly is an important activity. The responsibility for and execution of this has been in the hands of Captin since May 2022. This is a professional party and means the risks associated with this trade are mitigated. The Board of Association HZPC will continue to closely monitor the process.

The dividend received, after deductions of dividend tax, will be directly transferred to the certificate holders.

General Meeting of Shareholders

The HZPC Holding B.V. Articles of Association HZPC stipulate which decisions have to be presented to the General Meeting of Shareholders and, therefore, to the Board of Association HZPC for approval. The General Meeting of Shareholders/Certificate Holders was held twice last year. The meeting agenda included the progress of the company's results. The Board of Association HZPC met eight times, primarily as a result of implementing the new trading system. All members of the Board of Association HZPC were able to attend the meetings.

Nominations

During the AGM in November 2021, the Chair J. van der Heijden, having been appointed in 2009, stood down as his term as Chair had come to an end. The Board is enormously grateful to Mr van der Heijden for the contribution he made over his many years of service. The Association HZPC appointed E. de Vries as new Chair during the meeting. During the AGM, M. Wijten was appointed as new member of the Board of Association HZPC. In the first board meeting after the AGM, M. Verhage was appointed as vice-Chair. Mr S. Andringa and R. Smith were reappointed for four years in November 2021.

Within Association HZPC, there is the Board of Growers which conducts discussions with HZPC Holland on production issues in HZPC Holland. There is also the Youth Board and the Board of Breeders which discusses growers' issues with HZPC Research. Lastly, we have the Supervisory Committee which advises Association HZPC on the progress of shares trading. As a result of the changing stock market environment, the Supervisory Committee was disbanded after the trading day in November 2021.

Below, you can see the amendments which took place in the other two boards.

With regard to roles within the Board of Growers: Mr Gesink is Chair. Mr Vael has taken on the role of secretary for the board. Mr Hoornsman has left the board after 8 years and was succeeded in March by Mr Slot, who is now vice-Chair. A. Doppenberg has been a new member since March 2022.

In the Youth Board: E. v.d. Star was appointed as Chair and B. Westerhuis is secretary. Members who have stood down are: P. Meijer, V. v.d. Hoek, G. Smits, T. Sinnema and J. v.d. Zee. New members that have joined are K. v.d. Spek, H. Plomp, J.W. Sinnema, H. Hoogterp, E. Goodijk and J. Bartelen.

In the Board of Breeders, Chair P. Thijsen was succeeded in June 2022 by K. Hiddema. J. Biemond will join as a new member.

Member financing

Over the past few financial years, changing legislation has meant that it is no longer possible for growers to borrow money from the Association HZPC to fund the purchase of share certificates from HZPC Holding B.V. There are no current outstanding loans (last year EUR 16,000).

Finally, on behalf of the Board of Association HZPC, we would to express our thanks for the input over the past financial year and stress how much we are looking forward to the next one.

Joure, 12 October 2022

On behalf of the Board of Association HZPC,
Egbert de Vries, Chair

Personal details as at 30 June 2022

Board

HZPC Association		
E.P. de Vries	Chair	Kantens
M. Verhage	Vice-Chair	Emmeloord
S.G. Andringa	Secretary	Oosterbierum
R.P. Smith		Terheijden
M. Wijten		De Cocksdorp

- J. van der Heijden stood down as Chair in November 2021. He joined the Board in 2009.
- M. Wijten was appointed during the AGM in November 2021.
- M. Verhage has become vice-Chair instead of Mr de Vries who became Chair in November 2021.
- S. Andringa and R. Smith were reappointed for 4 years in November 2021.
- In 2021–2022, there were eight meetings; these included discussions about implementing MTF.
- The shareholders meeting took place twice this year.
- The Supervisory Committee was dissolved in November 2021.

Board of Growers

Board of Growers		
D. Gesink	Chair	Mensingeweer
N.J. Slot	Vice-Chair	De Cocksdorp
A. Vael	Secretary	Zaamslag
A. Vaandrager		Luttelgeest
H. Anema		Nes
J.M. Hendrikse		Creil
A. Jensma		Oudebildtzijl
R. Rozema		Niezijl
W. Sijsma		Pingjum
A. Doppenberg		Anna Paulowna
P.K. Westerhuis		Usquert

- Mr Gesink is Chair and Mr Vael is secretary. Both were reappointed in March 2022.
- Because Mr Hoornsman (vice-Chair) left the board after eight years, he was succeeded in March 2022 by Mr Slot, who has taken on the role of vice-Chair.
- A. Doppenberg has been a new member since March 2022. He is also a member of the Board of Breeders.

Board of Breeders

Board of Breeders		
K. Hiddema	Chair	Emmeloord
J. Scholtens-Beets	Vice-Chair	Malenrij
A. Doppenberg		Anna Paulowna
J. Biemond		Ulrum
Y.P. van der Werff jr.		Oude Bildtzijl

- A shake-up of the board recently took place; the tasks will be officially set out during the autumn meeting (autumn 2022).
- K. Hiddema is acting Chair and successor to P. Thijssen who stood down.
- J. Biemond is the new member of the Board of Breeders.

Jongerencollege

Young Members Group		
E. van der Star	Chair	Oosterend
B. Westerhuis	Secretary	Usquert
M. Duisterwinkel		t Zandt
T. Smits		Luttelgeest
J.W. Sinnema		Dronrijp
A. Steeghs		Engwierum
P. de Wit		Wieringerwaard
S. van der Hem		Lelystad
J. Bartelen		Oud Gastel
T. van Dijke		Mijnsheerenland
E. Goodijk		Sexbierum
H. Hoogterp		Firdgum
H. Plomp		Rutten
M. Remijn		Eenrum
K. van der Spek		Houwerzijl



03 FINANCIAL STATEMENTS

Balance sheet as of 30 June 2022

ASSETS

(in EUR x 1.000)

	Notes	30-Jun-22	30-Jun-21
FIXED ASSETS			
Financial fixed assets			
Shares of HZPC Holding B.V. on behalf of certificate holders	1	P.M.	P.M.
Receivables from certificate holders	2	0	16
TOTAL FIXED ASSETS		0	16
CURRENT ASSETS			
Receivables			
Dividend to be received from HZPC Holding B.V.	3	3.997	666
Current account HZPC Holding B.V.	4	306	0
		4.303	666
Cash and cash equivalents			
Banks	5	12	359
TOTAL CURRENT ASSETS		4.315	1.025
TOTAL ASSETS		4.315	1.041

Association HZPC does not have the beneficial ownership of the shares it holds in trust, so the shares are not recognised as an asset in the financial statements of Association HZPC. Also, the Association HZPC has no obligations to its depositary receipt holders for the issued depositary receipts, other than the payment to the depositary receipt holders of the benefits made available associated with the shares, such as dividends received. The Association HZPC therefore does not recognise the shares held in trust and the depositary receipts issued in the balance sheet. For this reason, the shares and depositary receipts are recognised as pro memoria (PM) in the balance sheet.

LIABILITIES

(in EUR x 1.000)

	Notes	30-Jun-22	30-Jun-21
Equity	6	318	318
Long-term liabilities			
Share certificates issued		P.M.	P.M.
Other long term liabilities	7	0	16
		0	16
Current liabilities			
Dividend to be paid to certificate holders		3.997	666
Current account HZPC Holding B.V.		0	39
Other debts		0	2
		3.997	707
TOTAL LIABILITIES		4.315	1.041

Profit and loss account over the financial year 2021/2022

	Notes	2021/2022	2020/2021
REVENUES		0	0
COSTS			
Other operating costs	8	381	207
Charged to HZPC Holding B.V.		-381	-207
Total expenses		0	0
Net result		0	0

General notes to the annual report

Foundation of the Association HZPC

Association HZPC, with chamber of commerce number 01086659, was founded on 29 November 1999 by means of a legal merger between Coöperatie De ZPC Pootgoed Belangen B.A. and Stichting Administratiekantoor Hettema, which were both converted to form part of the Association HZPC.

The Association HZPC has the legal ownership of 100% of the shares in HZPC Holding B.V. in Joure.

Activities

The objective of the Association HZPC is:

- the issuing and management of share certificates in the Company;
- promoting certain material interests of its members/certificate holders;
- promoting certain material interests of its growers;
- promoting certain material interests of its breeders.

Financial reporting period

The financial year of the Association HZPC runs from 1 July up to and including 30 June.

Applied standards

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

The applied accounting policies to the valuation of assets and liabilities and result determination are based on the historical cost convention unless stated otherwise.

Accounting policies for the measurement of assets and liabilities and the general determination of the result

Going Concern

The continuity of the Association HZPC is minimally affected by economic conditions. The costs of the Association HZPC are mainly caused by facilitating the trade in depositary receipts of shares of HZPC Holding B.V. The costs are fully reimbursed by HZPC Holding B.V. In addition, the Association HZPC has almost no costs.

The dividends received from HZPC Holding B.V. are passed on to the depositary receipt holders, less dividend tax.

General

Unless stated otherwise, assets and liabilities are shown at nominal value.

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 entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be determined with sufficient reliability.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be reliably determined.

Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. If a transaction results in a transfer of future economic benefits and/or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. In addition, assets and liabilities are not included in the balance sheet from the date upon which economic benefits are not probable and/or cannot be determined with sufficient reliability.

The financial statements are presented in euros, the functional currency of the Association HZPC. All financial information in euros has been rounded to the nearest thousand unless otherwise indicated.

The figures for 2020/2021 have been adjusted to allow comparability with 2021/2022. It concerns the adjustment of the item Shares HZPC Holding B.V. for the benefit of certificate holders under financial fixed assets and the item issued certificates of shares under long-term liabilities. Both items have been adjusted from EUR 15,675,000 to P.M. as certificates of shares of HZPC Holding B.V. are held by the certificate holders and not by the Association HZPC.

Determination of the result

Revenues and expenses are allocated to the period to which they relate. Revenues are accounted for if all important risks with regard to the commodities are transferred to the purchaser. The operational expenses are borne by HZPC Holding B.V.

Use of estimates

The preparation of the financial statements requires the Board to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditures. Actual results may differ from these estimates.

The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are included in the period in which the estimate is revised and in future periods for which the revision has consequences. The financial statements don't contain significant estimates.

Financial instruments

Financial instruments include primary financial instruments such as receivables and payables, as well as derivative financial instruments. Reference for the guiding principles of primary financial instruments is made to the individual treatment per line item on the financial statements.

Financial fixed assets

Equity interests and certificates where no significant influence is exercised are stated at the lower of cost or net realisable value.

The loans are initially recorded at fair value, including discount or premium and directly attributable transaction costs. After initial inclusion, loans are shown at amortised cost using the effective interest method, less impairment losses.

The other financial fixed assets are valued at fair value on initial processing, plus transaction costs (if material). After initial processing, the assets are measured at amortised cost using the effective interest method, less any impairment losses. Income from receivables and other securities allocated to financial fixed assets are accounted for in the year to which they relate.

Dividends are accounted for in the period to which they relate. Interest income is accounted for in the profit and loss account on an accrual basis, using the effective interest method. Any profit or loss is accounted for under financial income or expenses.

Receivables

Receivables are measured at fair value on initial processing, plus transaction costs (if material). After initial processing, the assets are measured at amortised cost using the effective interest method, less a provision for non-collectable debts. These provisions are determined by individual assessment of the receivables.

Cash and cash equivalents

Cash and cash equivalents are valued on the basis of nominal value. If cash and cash equivalents are not freely available, this is taken into account during the valuation.

Classification of equity and debt

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity.

Distributions to holders of these instruments are deducted from equity after deducting of any related income tax benefit.

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

Long-term and current liabilities

Long and short-term debts and other financial obligations are initially recorded at fair value, including discount or premium and directly attributable transaction costs.

After initial inclusion, the long and short-term debts and other financial obligations are valued at an amortised cost on the basis of the effective interest method.

Revenue recognition

The Association HZPC includes the revenues under net sales when all significant rights to economic benefits as well as all significant risks with regard to the transactions are transferred to the purchaser, when delivery has taken place, the price has been or can be determined and there is reasonable certainty that the sales price can be collected. Generally these criteria are satisfied at the moment the product or service is delivered and acceptance, if required, is obtained.

Expenses

Expenses are allocated to the period to which they relate. The operational expenses are borne by HZPC Holding B.V.

Tax on the result

The Association HZPC is not independently liable to taxation.

Related parties

Transactions with related parties will be explained if they are not entered into under normal market conditions. The nature and scope of the transaction and other information will be provided for these transactions in order to provide further insights.

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 the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

Notes to the balance sheet

1. Shares of HZPC Holding B.V. on behalf of certificate holders

NAME	STATUTORY HEAD OFFICE	NUMBER OF SHARES
HZPC Holding B.V.	Joure	783.725

No movements have taken place in the HZPC Holding B.V. shares for the benefit of depositary receipt holders, 783,725 shares. These shares have a nominal value of 20 euro per share. The Association HZPC manages the shares for the depositary receipt holders and as such, with due observance of its articles of Association HZPC and the Administration Conditions Regulations, the Association HZPC may perform all acts of management and disposition with regard to these shares. The Association HZPC may not, other than by way of cancellation, alienate or pledge shares owned by it without the approval of the general meeting of the Association HZPC. The Association HZPC has issued one certificate for each share.

Certificate holders are growers, seed potato growers, consumption growers, former growers, former growers, employees and/or former employees, as defined in the Administration Regulations. In addition, Captin B.V. and Euroclear Nederland may obtain and hold certificates under the Securities Giro Act. The Association may, if a certificate holder does not (or no longer) meet the quality requirements, instruct Captin B.V. to sell the relevant certificates on behalf of the certificate holder.

2. Receivables from certificate holders

Loans issued to certificate holders for the acquisition of certificates.

	30-Jun-22	30-Jun-21
Opening balance	16	65
Additions: new loans	0	0
Deductions: repayments	-16	-49
Closing balance	0	16

The interest rate applied varies from 0.0% to 1.0%. As at 30 June 2022, all loans have been repaid. The loan was fully repaid in this financial year.

3. Dividend to be received from HZPC Holding B.V.

Association HZPC receives dividend from HZPC Holding B.V. and, after deduction of dividend tax, pays these dividend to the certificate holders in full.

4. Current account HZPC Holding B.V.

The current account HZPC Holding B.V. has a maturity of less than 1 year and is not interest-bearing.

5. Cash and cash equivalents

Cash is at the free disposal of the Association HZPC.

6. Equity

Reserves	2021/2022	2020/2021
Opening balance	318	318
Deductions: the results of the financial year	0	0
Closing balance	318	318

At the General Meeting, it will be proposed to approve the following appropriation of the 2021/2022 result: an amount of EUR 0 to be added to the other reserves.

7. other long-term debts

Concerns a loan from HZPC Holding B.V. to finance loans granted to certificate holders. The loan was fully repaid in this financial year. The interest rate applied varies from 0.0% to 1.0% (as per previous financial year).

Other long-term liabilities	2021/2022	2020/2021
Opening balance	16	65
Additions: new loans	0	0
Deductions: repayments	-16	-49
Closing balance	0	16

Notes to the profit and loss account

8. Other operating expenses

	2021/2022	2020/2021
Cost of trading days	123	95
Organisation costs	258	112
	381	207
Charged to HZPC Holding B.V.		
Operational expenses	-381	-207

The Association HZPC employed an average of 0 FTEs during the financial year (previous financial year 0 FTEs).

Organisational costs consist of organising the transition to an MTF and board fees.

Subsequent events

No significant financial events have occurred following the balance sheet date.

Joure, 12 October 2022

The Board of Association HZPC

E.P. de Vries, Chair

M. Verhage, vice-Chair

S.G Andringa, secretary

R.P Smith

M. Wijtten



O4 OTHER INFORMATION

Profit distribution by virtue of the Articles of Association

The articles of Association of the Association state the following with regard to the result.

3.3 To this end, the Association exercises its influence in the General Meeting of the Company.

3.4 The Association does not aim to distribute profit among its Members.

3.5 The Association shall not dispose of or pledge, other than by way of exchangeability, Shares in the Company it holds in its own right without the approval of the General Meeting.

Independent auditor's report

To: the general meeting of Association HZPC

Report on the audit of the financial statements 2021/2022 included in the annual report

Our opinion

We have audited the financial statements 2021/2022 of Association HZPC, based in Joure.

In our opinion the accompanying financial statements give a true and fairview of the financial position of Association HZPC for the year ended 30 June 2022, and of its result for the period 1 July 2021 to 30 June 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet for the year ended 30 June 2022;
- the profit and loss account for the period 1 July 2021 to 30 June 2022;
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Association HZPC in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report there on, the annual report contains other information.

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

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information.

Description of responsibilities for the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of Directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

Our 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 detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

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

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

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

Groningen, 12 October 2022

Ernst & Young Accountants LLP

J.J. Kooistra RA