

ANNUAL REPORT ASSOCIATION HZPC

2022 - 2023

These financial statements are an English translation of the financial statements prepared on 19 October 2023. In case of any discrepancies or possible differences in interpretation between the English translation and the financial statements prepared on 19 October 2023, the latter prevail.

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



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01 MESSAGE FROM THE CHAIRMAN



Continuously pushing boundaries

In the year Royal HZPC Group B.V. celebrates its 125th anniversary, we look to the future with a little nostalgia. What have the past 125 years brought us and what lessons have we learnt? There is no doubt that the core of Royal HZPC Group has remained unchanged. Where founder Hette Hettema literally got on his bike to cross the border, we continue to push boundaries to this day. We dare to choose innovation. We are broadening our horizons and tapping into new markets. Albeit, much further from home than Hette did, but with the same intention: meeting the demand for adequate nutritious food. We are developing new varieties with a view to a sustainable and liveable future. And we will continue to do so. By looking beyond borders and continuing to grow.

Growth

After all, the 2022/2023 financial year is all about growth. That came to a halt in the Covid years, but as of last year the upward trend was firmly back on track. That growth is now continuing and mainly concerns areas outside Europe. We are making great strides with licensed cultivation in Asia and America. The African market still offers a great deal of virgin territory and various opportunities for us. For example, we have high expectations for the introduction of hybrid seeds in West Africa in a few years' time.



In every capillary

Whereas in the first one hundred years of our existence we focused mainly on local areas, in recent years we have conquered the world. This makes Royal HZPC Group a genuine world player in the potato market. The expansion is indicative of the entrepreneurial spirit and drive in every capillary of Royal HZPC Group.

Seed potato crop even more sustainable

A major theme and the common thread in this annual report of Royal HZPC Group, is of course sustainability. Although seed potato farming is fundamentally sustainable, we can take important steps to make the potato an even more sustainable crop. In the coming years, many new robust varieties with important resistances will emerge. These varieties will thrive with fewer chemicals and less water and provide good yields even when conditions are challenging.

Collaboration in the chain

You can only really make seed potato growing more sustainable if you put sustainability high on the agenda throughout the chain. So we help growers future-proof their operations. We also engage with partners, suppliers and customers. And within Royal HZPC Group, we are always looking at how to make more sustainable choices.

Zero hunger as main goal

At the same time, sustainability is about so much more than fighting climate change. Our main thrust and raison d'être is providing everyone in the world with sufficient, good-quality food. This is and will remain a major challenge with the unprecedented growth in the world's population in the coming years. 'Zero hunger' is one of the United Nations' most important sustainable development goals for 2030. For us, it is the most important goal and goes hand in hand with the sustainability of seed crops across the board. We are confident that this goal does not compromise a healthy revenue model for the Royal HZPC Group and its growers and certificate holders.

Our crowning glory

The year 2023 was an extra-special year. Besides the 125th anniversary of Royal HZPC Group, we are also celebrating the 50th anniversary of STET. We are, of course, reflecting on this with our staff, growers, customers and partners. We are particularly proud that on 27 February 2023, HZPC was awarded the designation 'royal' from the hands of the King's Commissioner of the Province of Friesland Arno Brok. It is literally our crowning glory. From now on, our name will be Royal HZPC Group and we will add the crown to our logo.



It is precisely because our core has remained the same that we dare to keep pushing boundaries. The world is yet to be conquered. And we have plenty to do in the next 125 years. Together with our growers, employees, partners and customers.

This report deals specifically with the activities of the Association HZPC. And I hope you read this annual report with great interest and pleasure.

Egbert de Vries

Chairman of Association HZPC

02 REPORT OF THE BOARD



Price development - certificates traded last year

October 2022 and May 2023 were the periods when 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 and the various price movements.

On the HZPC certificate exchange, liquidity is often relatively limited. This year, however, a total of more than 40.000 certificates were traded in November 2022 and May 2023. This is more than 5% of the total number of outstanding certificates. In November 2022, the new weighted average share price was set at EUR 66,70. For the first time since November 2015, the price settled within the 20% range. We can once again look back on well-run trading periods. After a share price decline for nine trading periods, a share price increase of 14,35% was realised in May 2023. The new weighted average price of the HZPC certificate has been set at EUR 76,27. The new bandwidth for the October 2023 trade has been set at EUR 61,05 to EUR 91,50.

The board of Association HZPC closely monitors the HZPC certificate trade to ensure that trading runs 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. Orders and trades are processed and taken care of by Captin.

Connecting Growers

The Association HZPC board has had to conclude that it has not been able to fully implement the Connecting Growers programme this year. Fortunately, at the request of the Association HZPC, the Connecting Growers (CG) HZPC Foundation had already purchased EUR 1 million worth of certificates in October 2022. In the May 2023 trading period, it was not possible to buy EUR 0,5 million worth of certificates. In recent years, the CG HZPC Foundation has managed to buy certificates for EUR 1,5 million relatively easily in the trading period. The inability to buy the required certificates was down to insufficient supply. HZPC has bought a total of 16.311 certificates for the Connecting Growers programme for EUR 1,1 million over the past two trading periods.

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 entities of Royal HZPC Group. 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 the Association HZPC hopes to continue this Connecting Growers program in the coming years, but this will depend in part on the results of an evaluation of the program the coming year.

As a result of changing laws and regulations, the certificates purchased by CG HZPC Foundation under this programme are only allocated to growers who have a growing contract in the EU with Royal HZPC Group for 2023 and have fully completed the identification process at Captin. Participation in Connecting Growers has consequently reduced to 50%. The Association HZPC regrets that not all 882 growers in the six countries have completed the identification process with Captin. As a result, more than 400 growers did not receive almost 1 Certificate per hectare worth EUR 80 per certificate. Now 463 Growers receive 1,5 certificate per hectare, this would have been 0,9 certificate per hectare if all entitled growers had identified themselves with Captin.

Many active growers, mainly in outlying countries, have not completed the identification process. It has become clear that communication still needs to be improved. The board of Association HZPC is naturally disappointed with participation of almost 50% of growers who have signed a seed potato production contract. If, during the evaluation of this programme in October 2023, it is decided to continue with the Connecting Growers programme, action will have to be taken to ensure that growers complete the identification process on Captin's platform. It is important that all participants in the Connecting Growers programme identify themselves to Captin by logging into their Captin accounts. If this fails, they can contact Captin by phone or e-mail. The HZPC company cannot help with this for privacy reasons. So the growers will have to do it themselves. This year, the board has also decided that participants in the Connecting Growers' programme who have not identified themselves to Captin by the start of 2024 will be excluded from the Connecting Growers programme in 2024.

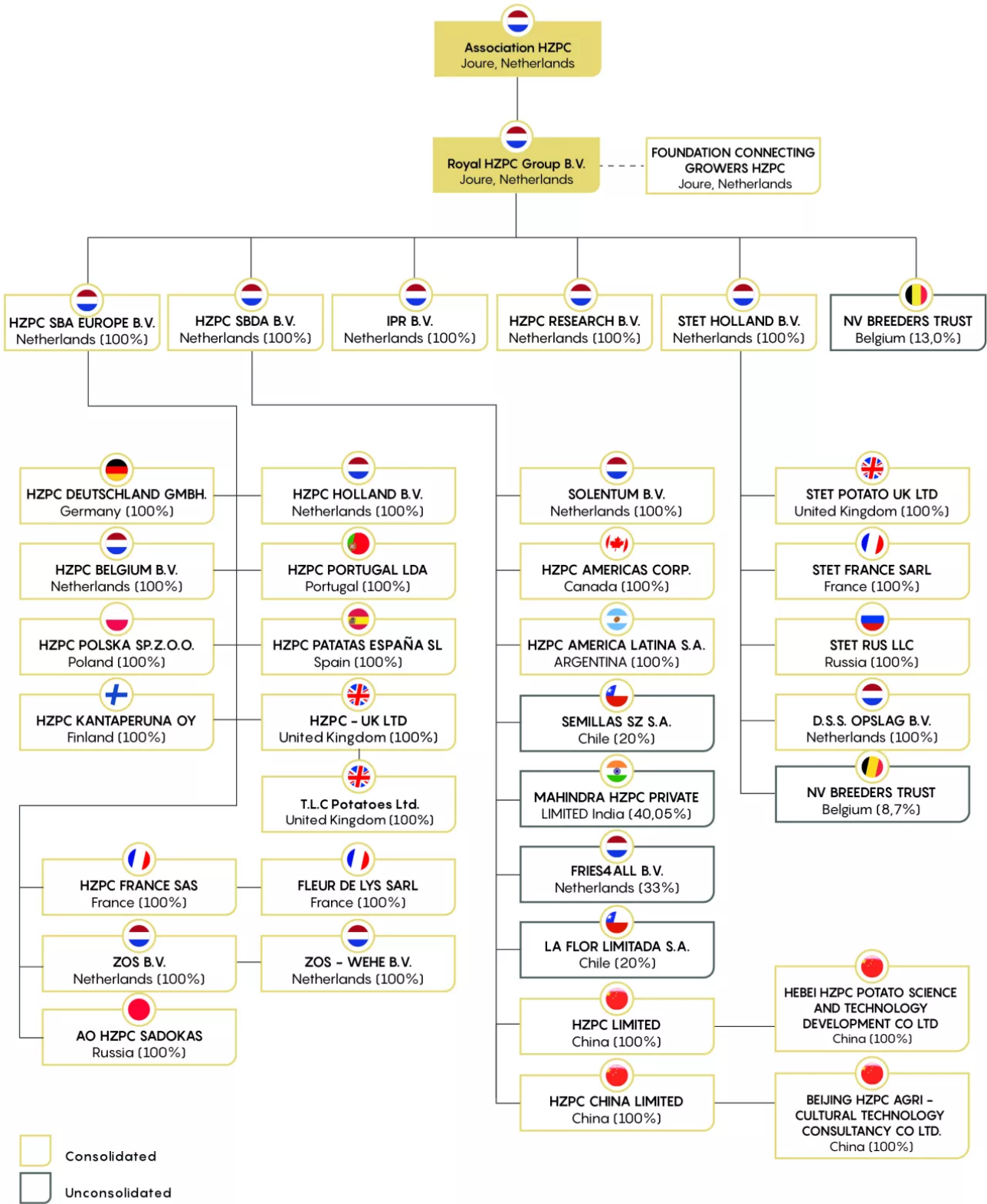
Structure

The Association HZPC owns 100% of the shares in the company, making it the sole shareholder of Royal HZPC Group. HZPC Association 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 Royal HZPC Group B.V. All of the activities of Royal HZPC Group focus on the potato product.

HZPC carries out research, breeds varieties and grows seed potatoes, ware potatoes and mini-tubers. In addition, Royal HZPC Group 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 Royal HZPC Group, the issues are no longer focused 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 here include (former) growers, (former) breeders and (former) staff members. The autonomy and continuation of the HZPC organisation are therefore a guiding principle for the Board.

Organisation structure



Results and dividend

Royal HZPC Group B.V. has a net result of € 6,0 million which includes a charge of € 1,1 million for the Connecting Growers programme. The dividend is based on the result before processing of the Connecting Growers program.

When the costs of the Connecting Growers programme are applied, the result comes out at EUR 6,0 million. The Return on Equity for Royal HZPC Group B.V. before processing Connecting Growers is 13,0%. This is in line with the historic average.

Particular focus on new Business Transformation Program

Alongside 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

Royal HZPC Group invests in Research & Development. This is a fixed item on the agenda in discussions between the SB, the Executive Board and the board of Association HZPC. This concerns questions such as: What should Royal HZPC Group do in this area? 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 year, 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. The Executive Board taking the lead. The SB 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 Royal HZPC Group 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 from Royal HZPC Group B.V., after deductions of dividend tax, will be directly transferred to the certificate holders.

General Meeting of Shareholders

The Royal HZPC Group B.V. Articles of Association 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 acquisition of T.L.C. Limited by HZPC Group and corporate results were discussed. Progress with respect to Aurora was also covered. The Association HZPC board met six times. One member of the Association HZPC board was unable to attend any of the meetings.

Appointments

Below are the changes that have taken place.

With regard to roles within the Board of Growers: Mr J.M. Hendrikse was appointed secretary with immediate effect at the meeting on 5 April. He took over this position from Mr A. Vael.

In the Youth Board: E. van der Star was the season 2021/2022 Chair. This position was taken over by M. Duisterwinkel with effect from 13 October 2022 for the 2022/2023 season. B. Westerhuis was the secretary for season 2021/2022. This position was taken over by K. van der Spek with effect from 13 October 2022.

In the Board of Breeders: F. van der Zee has been a new member of the board since March 2023.

Personal details as at 30 June 2023

Board

E.P. de Vries	Chairman	Kantens
M. Verhage	Vice Chairman	Emmeloord
S.G. Andringa	Secretaris	Oostbierum
R.P. Smith		Terheijden
M.Wijten		De Cocksdorp

Board of Growers

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

- Mr J.M. Hendrikse was appointed secretary with immediate effect at the meeting on 5 April. He took over this position from Mr A. Vael.

Board of Breeders

K. Hiddema	Chair	Emmeloord
J. Scholtens-Beets	Vice-chair	Molenrij
Y.P. van der Werff	Member	Oude Bildtzijl
A. Doppenberg	Member	Anna Paulowna
C.J. Biemond	Member	Ulrum
F. van der Zee	Member	Kloosterburen

- F. van der Zee has been a new member of the board since March 2023.

Youth Board

M. Duisterwinkel	Chair	t Zand
K. van der Spek	Secretary	Usquert
B. Witte		De Waal
E. Goodijk		Sexbierum
F. Biemond		Eenrum
H. Hoogterp		Firdgum
J.W. Sinnema		Dronrijp
J. Bartelen		Oud Gastel
L. Sijtsma		Ternaard
M. Kamp		Rutten
S. van der Hem		Lelystad
S. Keppel		Anna Paulowna
T. van Dijke		Mijnsheerenland

- E. van der Star was chairman for the 2021/2022 season. This position has been taken over by M. Duisterwinkel with effect from 13 October 2022 for the 2022/2023 season.
- B. Westerhuis was the secretary for season 2021/2022. This position was taken over by K. van der Spek with effect from 13 October 2022.

03 FINANCIAL STATEMENTS



Balance sheet as of 30 June 2023

Assets

in EUR x 1.000

Balance sheet at 30 June 2023 (after appropriation of result)

	Notes	30-Jun-23	30-Jun-22
FIXED ASSETS			
Financial fixed assets			
Shares of HZPC Holding B.V. on behalf of certificate holders	1	P.M.	P.M.
TOTAL FIXED ASSETS		P.M.	P.M.
CURRENT ASSETS			
Receivables			
Dividend to be received from HZPC Holding B.V.	2	3.997	3997
Current account HZPC Holding B.V.	3	306	306
		4.303	4.303
Banks			
	4	12	12
TOTAL CURRENT ASSETS		4.315	4.315
TOTAL ASSETS		4.315	4.315

Association HZPC does not have the beneficial ownership of the shares it holds in trust, so the shares are not recognized as an asset in the financial statements of Association HZPC. Nor does the Association HZPC have any 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 in connection with the shares, such as dividends received. The Association HZPC therefore does not recognize the shares held in trust and the issued depositary receipts in the balance sheet. For this reason, the shares and depositary receipts are accounted for as pro memoria (PM) in the balance sheet.

Equity and liabilities

in EUR x 1.000

Balance sheet at 30 June 2023(after result appropriation)

	Notes	30-Jun-23	30-Jun-22
Equity	5	318	318
Long-term liabilities			
Share certificates issued		P.M.	P.M.
		P.M.	P.M.
Current liabilities			
Dividend to be paid to certificate holders		3.997	3.997
		3.997	3.997
TOTAL EQUITY AND LIABILITIES		4.315	4.315

Profit and loss account over the financial year 2022/2023

<i>in EUR x 1.000</i>			
	Notes	2022/2023	2021/2022
REVENUES		0	0
COSTS			
Other operating costs	6	237	381
Charged to Royal HZPC Group B.V.		-237	-381
Total expenses		0	0
Net result		0	0

Notes to the accounting policies for the annual accounts

Foundation of the Association HZPC

The Association, 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.

The Association HZPC has the legal ownership of 100% of the shares in Royal HZPC Group 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.

Principles for the valuation of assets and liabilities and the general determination of the result

Continuity

The continuity of the Association HZPC is minimally influenced by economic circumstances. The costs of the association are primarily caused by facilitating the trade in Royal HZPC Group B.V. share certificates. The costs are fully reimbursed by Royal HZPC Group. Otherwise, the association has practically no costs.

The dividends received from Royal HZPC Group B.V. are paid onto certificate holders after deduction of dividend tax.

General

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

An asset is disclosed 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 value 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 recorded 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 determined with sufficient reliability. If a transaction results in a transfer of all or virtually all future economic benefits and all or virtually all risks relating to assets or liabilities to a third party, the asset or liability is no longer included in the balance sheet. In addition, assets and liabilities are no longer included in the balance sheet starting from the time at which the conditions of probability of the future economic benefits and reliability in determining the value are no longer satisfied.

The annual accounts are presented in euros; the Association's functional currency. All financial information in euros is expressed in thousands and rounded to the nearest thousand unless otherwise indicated.

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 Royal HZPC Group.

Use of estimates

The preparation of the annual accounts 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 expenditure. 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. There are no significant estimates in the annual accounts.

Financial instruments

Financial instruments include primary financial instruments such as receivables and payables, as well as derivative financial instruments. Reference is made to notes as per the balance sheet item for the accounting principles of the primary financial instruments.

Financial fixed assets

Equity interests and certificates where no significant influence is exercised are stated at cost or lower 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 recorded in the profit and loss account on an accrual basis, using the effective interest rate method. Any profit or loss is recorded 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

Cash is valued on the basis of nominal value. If cash is 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.

Payments to holders of these instruments are deducted from the shareholders' equity after deduction of any related benefit due to tax on profit.

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 amortised cost on the basis of the effective interest method.

Revenue recognition

The Association 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 Royal HZPC Group B.V.

Tax on the result

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.

Post-balance sheet events

Events which provide further information about the actual situation as of the balance date and which occur up to the date upon which the annual accounts are drafted will be encompassed within the annual accounts. Events which provide no further information about the actual situation as of the balance date will not be encompassed within the annual accounts. If such events are significant in order for the users of the annual accounts to form an opinion, the nature and estimated financial consequences will be described in the annual accounts.

Notes to the balance sheet

1. Shares in Royal HZPC Group B.V. on behalf of certificate holders

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

There have been no changes in the number of Royal HZPC Group B.V. shares for certificate holders (783.275). These shares are valued at the nominal value of 20 euros per share. Association HZPC manages the shares for the certificate holders and as such, the Association may, subject to its articles of association and the Regulations on Conditions for Administration, perform all acts of management and disposition in relation to these shares. Association HZPC 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 of Association HZPC. The Association has issued one certificate for each share.

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

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

The Association HZPC receives a dividend from Royal HZPC Group B.V., after deduction of the dividend tax, and pays this to the certificate holders in full.

3. Current account Royal HZPC Group B.V.

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

4. Cash

Cash is freely available to the Association

5. Equity

Reserves	30-Jun-23	30-Jun-22
Opening balance	318	318
Deductions: the results of the financial year	0	0
Closing balance	318	318

The General Meeting will be asked to approve the following appropriation of the 2022/2023 result: an amount of EUR 0 to be added to the other reserves.

Notes to the profit and loss account

6. Other operating expenses

	2022/2023	2021/2022
Cost of trading days	168	123
Organisation costs	69	258
	237	381
Charged to Royal HZPC Group B.V.		
Operational expenses	-237	-381

The Association HZPC employed an average of 0 FTEs during the financial year (previous financial year 0 FTEs). Organizational costs consist of organizing the fairs and fees to the board, where last year they also consisted of the cost of transitioning to the MTF.

Post-balance sheet events

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

Joure, 19 October 2023

The Board of Association HZPC

E.P. de Vries

M. Verhage

S.G Andringa

R.P. Smith

M. Wijtten

04 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

The following is an English translation of the independent auditor's report issued 19 October 2023

To: the board of directors of Association HZPC

Report on the audit of the financial statements 2022/2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 30 June 2023 of Association HZPC based in Joure.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Association HZPC as at 30 June 2023, and of its result for the period 1 July 2022 to 30 June 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 30 June 2023;
- the profit and loss account for the period 1 July 2022 to 30 June 2023;
- 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

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

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 Association'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 Association 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 Association'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 association'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 association'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 an association 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

Communication

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, 19 October 2023

Ernst & Young Accountants LLP

J.J. Kooistra