ANNUAL REPORT ROYAL HZPC GROUP

2023 - 2024

These financial statements are an English translation of the financial statements prepared on 29 October 2024. 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 Royal HZPC Group B.V. on the website under the heading governance.



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01 MESSAGE FROM GERARD BACKX



On the eve of a transformation

Our resilience and agility were put to the test once again this year. Licensed crops in Asia and America took off, while harvests in north-western Europe were disappointing for several reasons. It was a year of peaks and troughs. Our percentage sold as seed potatoes this year was much higher than in previous years. And that translated into a good payout price for our growers.

A new balance

Across the board, we see a new balance emerging. Our strategy of focusing on different segments and regions works to our advantage. Where we lose out in yield and acreage in Europe, we can make huge strides in other parts of the world. Indeed, there is still a world to be won, considering that we now cover only 4% of the world's potato acreage with our varieties.

Unruly

In 2023-2024, we did not manage to grow. We had not anticipated this. No one had predicted such a challenging growing season and it reminded us, once again, just how unruly and unpredictable seed potato growing can be. It also underscored the importance of resilience and agility. For us, but also for our employees, growers, customers and partners. We have demonstrated that again this year.



Planting Innovator in Marrum, Friesland, Netherlands

Well worth the wait

I want to stress that global growth does not come at the expense of north-western Europe in general and the Netherlands in particular. Nothing could be further from the truth. Thanks to growth elsewhere in the world, we can invest in research and accelerate the development of new varieties. Over the next 10 years, the market will see the emergence of varieties from HZPC and STET whose impact on our growers, customers and the environment will be unprecedented. And then there's our contribution towards worldwide food security. This may require a little patience, but will be well worth the wait.

It can and must be different

We are on the eve of a transformation within the seed potato sector. This stems partly from the need to become more sustainable, but is mainly driven by our own conviction that things can and should be done differently. That is why we are working with Aurora (our business transformation programme) to strengthen and improve our own internal organisation. We are focussing on acceleration within our breeding programme; making the case for new technologies. Paving the way for others and asking growers, customers, partners and employees to join in. Together, we have a exceptionally bright future ahead of us.



Field day at HZPC Argentina in Balcarce.

Proud

With this annual report, I am not only concluding the 2023-2024 financial year, but also my career at Royal HZPC Group B.V. On 1 September 2024, I stepped down as CEO and Hans Huistra succeeded me. A well-considered decision on my part, but after 23 years, this signifies considerable change. I have seen Royal HZPC Group B.V. grow from a Dutch seed potato company to a global market leader. It has been great to be part of that process. I am proud of how we worked with our employees, growers, partners and customers to realise the developments and

grateful to have contributed to and witnessed the evolution. I wish Hans the best of luck, but above all hope that he enjoys running this wonderful company. I can look back on the past 23 years with a great sense of satisfaction. Thank you to everyone who has been part of it.

Good bye,

Gerard Backx



02 **NEED**

Feeding the world with our varieties



Resilience and confidence

Developing responsible food for the world's population: that's what drives us every day at Royal HZPC Group B.V. We want to inspire and challenge others to join us. The demand for good quality, sufficient food is becoming increasingly urgent and, with the potato, we have an answer in our hands. But it will require resilience and confidence from us and our partners. Our confidence and resilience was certainly needed in 2023-2024.

An usual harvest in Europe

Spring 2023 was exceptionally wet, preventing many growers in north-western Europe from planting until May. It remained cold and wet to begin with, but that was followed by several very warm and dry months. The potato plants set few tubers due to the lack of rain, resulting in low yields and remarkably high levels of oversized seed. Also, more seed potatoes were rejected.



STET, El mundo in Creil

Disruption in the chain due to price increase in fries factories

In early 2023, we saw another striking phenomenon: the fries industry increased contract prices for ware potatoes by a staggering 40 percent. An historic move with a direct effect on seed acreage. Among growers who grow both ware and seed potatoes, it led to changes at the expense of seed potato areas. And that makes complete sense: a good price for ware potatoes was guaranteed and the risk was reduced. As a result, the seed potato acreage in north-western Europe, especially France and the Netherlands, declined further.

Pushing boundaries with resilience

A smaller acreage, more rejects and lower yields led to a sudden and substantial deficit. This shift shook up the fries manufacturers as they realised that, to meet the demand for ware potatoes, sufficient seed potatoes are needed too. This particular harvest certainly called on our ability to be resilient, but our customers and even governments had to demonstrate their resilience too. Together, we pushed boundaries. The largely strict requirements for seed size were abandoned out of necessity, but also on the basis of an understanding of the exceptional situation. We were able to significantly increase selling prices, which led to a much better payout to our growers. In the various producing countries, the price was 30-40% higher than last year.

A small volume reduction

The lack of volume certainly had an impact, but we still realised a volume (sales and licence) in 2023- 2024 of 940,963 tonnes and so, despite lower yields in the field, we almost managed to reach the volume of 2022-2023. (In 2022- 2023, we sold - sales and licence - 944,293 tonnes). So, at the end of the day, 2023-2024 was less successful than we had anticipated, but still represents a result we are proud of. In 2023-2024, we supplied 96 countries with direct and indirect sales.



Quintera harvest in Rangpur, Bangladesh

Our potatoes in more and more places around the world

Taking our potatoes to places where there are high populations is a goal that requires an ever greater effort on our part. Only then can we make a substantial contribution to world food supplies. This growth, in turn, allows us to invest in the future. The potato, after rice and wheat, is an important and healthy crop that is incorporated into

meals all over the world. In places where we are not allowed or able to take potatoes, we make our genetics available under licensed cultivation. On this front, we are making significant strides on several continents and, with a global market share of 4% in seed potatoes, there is still a world to be conquered.

Growth in licensed cultivation

We see the positive result of our Mahindra HZPC joint venture in India continuing in 2023-2024, ten years after we started there. We have established a leading position in the country, partly thanks to the direct contracts STET signed with the Indian potato industry. Indian seed potato companies are also becoming increasingly interested in our varieties. A great example is our Colomba variety: this produces good yields in the short Indian growing seasons. In China, we are increasingly gaining a foothold in the fresh produce market. The decision to bet on licensed cultivation in America from 2017 has also proved fruitful. We are on course for 100,000 tonnes next year. In 2017, it was only 40,000 tonnes. We are also strengthening our position in Africa. There, we deliver seed potatoes directly to the north and our varieties are grown under licence in the south. And in western Africa and Tanzania, we are taking the necessary steps.



Sagitta harvest in Senegal (West-Africa).

Concerns over money from Syria and Sudan

Royal HZPC Group B.V. deliberately supplies seed potatoes to conflict areas but there are, of course, risks involved. In autumn 2022, Royal HZPC Group B.V. supplied Sudan. War has now erupted there and the country is experiencing problems with its payment systems. Although we have since ceased direct deliveries to Syria, we still delivered seed potatoes there in 2022. We have had to make a provision on a number of payments in this financial year because payment is still uncertain.



Partner in the picture - Stef de Haan

Associate professor of seed systems and agrobiodiversity and researcher for the Andean region at CIP

High in the Andes in Peru, where the potato originated, hundreds of farming families maintain traditional national varieties and, in turn, biodiversity. It's important work for which they have received very little recognition or compensation. This has now changed. HZPC and the International Potato Centre (CIP) are working directly with these farmers in the AGUAPAN Association, which celebrates its 10th anniversary in 2024. Stef de Haan is involved in AGUAPAN due to his role with the CIP.

Farming families are regarded as 'guardians' who maintain as many as 50 to 300 ancient potato varieties. Their work is of immeasurable value but, despite this, they live in poverty and have limited access to healthcare and education. This is a striking contradiction. By partnering with AGUAPAN, we are preserving genetic wealth together, while improving farmers' welfare.



Guardian Esperanza Gabriel

Until the 1990s, scant attention was paid to farmers' contribution to biodiversity conservation and there was certainly no clear recognition of their role. In 2001, the 'farmer rights' clause in a special treaty for agricultural crops put an end to that situation and meant that farmers received financial compensation. Unfortunately, however, while the political intentions were good, the distance between business and farmers proved too great.

Stef de Haan: ''In 2014, I tried to build a bridge between the private sector in the Netherlands and farmers in the highlands of Peru. So that money from the sector went directly to them. HZPC was the only company involved. At an initial meeting with 50 farmers, AGUAPAN was founded."

HZPC provides a financial contribution to around 50 families. They decide what to do with the money, e.g. they may buy manure or hire workers or they could use the money for educating their children. You can think of it as a 'payment for environmental services', as given to beekeepers. There is now a waiting list and the association has

earned national and international acclaim. The organisation is a model for other countries and heritage crops, such as quinoa and cocoa.

Stef de Haan: ''We call these farmers guardians or custodians. The potato in Peru is like wine in Spain or cheese in France. You can think of it as cultural heritage. Farmers feel a deep connection with the crops they grow and each area has its own varieties. In 2021, I mapped varieties in two regions using genetic markers. There, thirteen farmers maintained as many as a thousand national varieties. Of these, 88 unique varieties were not yet in our gene bank even though it was long thought that we had already mapped all the ancient varieties."



Aardappellandrassen

> "Whereas, in the rest of the world, biodiversity is disappearing, Peruvian farmers are actually maintaining it"

Farmers still use the same methods they used centuries ago, with minimal impact on the environment. Whereas, in the rest of the world, biodiversity is disappearing, Peruvian farmers are actually maintaining it. The evolution of these ancient varieties continues and, as a result, we keep making new discoveries. Researchers are referring back to these varieties in their search for new potato traits, particularly when it comes to sustainability properties.

An agreement has set out that the CIP may include the varieties in the gene bank to safeguard varieties for food security and future generations. If a farmer does lose a variety, the CIP will return the material to the farmer. It is a very special collaboration. CIP spent a long time collecting

as many genes as possible for breeders to use. There was, however, a deep-seated feeling of exploitation among farmers. Our collaboration to preserve biodiversity and knowledge can be seen as a genuinely historic development. Along with the fact that farmers are now being recognised for their efforts.



03 **BREED**

Accelerate and improve



Accelerate and improve

A climate-adaptive, efficient and stable potato crop: it is no longer a question, but a matter of course. Our Corporate Social Responsibility (CSR) goals are firmly embedded in our breeding programmes. In doing so, we set the bar high and do not compromise; if we have promising varieties which do not meet our strict sustainability requirements, we set them aside. We now have plenty of new varieties from Royal HZPC Group ready to conquer the world in the coming years. In 2023-2024, the seed potato acreage reached 21,271 hectares.

On track with our CSR goals

In 2024 no less than 69% of our youngest generation varieties in our greenhouses will be resistant to potato virus Y and the varieties will have double resistance to Phytophthora. These varieties will be in position from 2030 and will then be introduced to customers and seed potato growers. This puts us on track to achieve 75% by 2030.



Also when it comes to nematode resistance, we demand the utmost. And we are on track to achieve our goals by 2030. By then, 95% of our varieties should be resistant to Rostichiensis and 24% to pallida, both of which cause potato cyst nematodes.

Another great result: we have been researching Erwinia disease for decades, but since 2021 we have had a breakthrough. This reduces the chance of introducing susceptible varieties. We have now classified varieties according to susceptibility to Erwinia disease.

There are still more steps to take on CSR. The average resistance level to Fusarium increased by 25%. With that, we just missed our goal of 30% in 2024. At the same time we also wanted to improve the dormancy of new varieties. We have made nice progress, but not as fast as expected. However, we will continue to increase selection on these traits in the coming years, with our focus on the retail and processing sectors.

Speeding up the development of new varieties

For many years, we put a lot of time and money into developing a powerful research machine. This allows us to set the bar high and select traits more specifically, quicker and in a more comprehensive manner, thanks to marker-driven breeding and data models. A solid foundation that means we are now gaining momentum in developing new climate-robust varieties that have high yields with fewer inputs. Our growers and customers are eagerly awaiting these hybrid varieties and we are also on track in this area. In 2023-2024, the main focus was on testing and further improving the varieties in test fields in Kenya.

Not only varieties from our own research facility

Royal HZPC Group B.V. not only grows varieties itself, but also cooperates with a number of independent growers who can and do use parental lines from our research facilities. This has yielded some great successes, including Rashida which is doing well in the fresh market, Travolta for the fries industry and Quintera which is highly appreciated both in the fresh market and by the fries industry.



Rashida

Gene-editing: patent debate back in the political arena

On 5 July 2023, the European Commission (EC) spoke out on New Breeding Technologies (NBTs) that will enable us to accelerate the development of fully resistant varieties. And this is crucial, with respect to the accelerated reduction in the use of plant protection products. The European Commission recognises that traditional techniques cannot achieve success here and has now taken the position that NBTs are allowed if you use them to accelerate the development of products that you can also obtain with conventional techniques. The Committee for the Environment, Public Health and Food Safety and the Committee of Agriculture and Rural Development support this

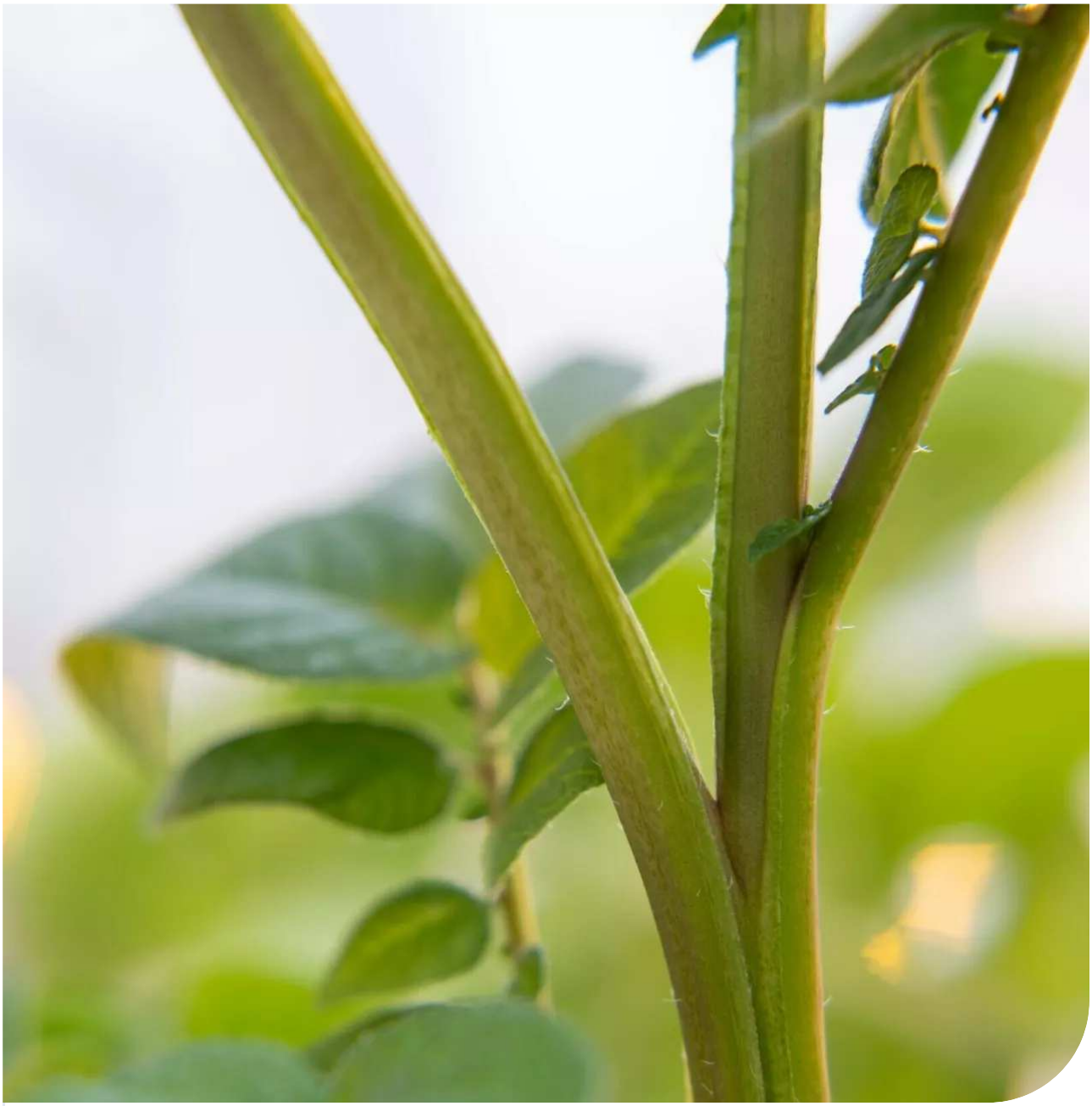
position. The European Council does make it a condition that all companies should have access to NBTs, whose patents are often owned by larger parties. With that, the patent debate is once again back in the political arena. Patents in the plant improvement world do not always sit comfortably alongside plant breeders' rights.

Meanwhile, nine plant breeding companies, including Royal HZPC Group B.V., have established the Agricultural Crop Licensing Platform. Any company that joins will have access to available patents on plant traits for a fee and later, hopefully, technology patents. It is a clear signal that we have a solution as an industry and demonstrates that we are at the forefront when it comes to patents in the potato world.

Although legislation around NBTs is still a few years away, we are already examining which applications could be worthwhile for us as a potato breeding company. The starting point is that it should add value for the grower, customer and/or consumer. We are also exploring business cases outside Europe.

New regulation: Plant Reproductive Material

On 24 April 2024, the European Parliament adopted an important regulation for the new Plant Reproductive Material (PRM) scheme. This is currently subject to further political discussions. The regulation could replace the directives that have been in place since the 1960s for the trade in seed potatoes, among other things. Every European country has incorporated these old directives into national legislation so there are differences between them. For example: The Netherlands has much higher requirements for the inspection of seed potatoes than some other countries. The new regulation, which will not come into force for several years, will ensure more uniformity. In practical terms, this means that the NAK must conduct inspections according to the EU standard. There are two sides to the PRM: on the one hand, it offers Royal HZPC Group B.V. a great opportunity to distinguish itself in the market by adopting its own higher inspection standards. On the other, it allows specific groups of growers, such as organic growers and amateur growers, to exchange unchecked seed potatoes even though we ought to be extremely careful with phytosanitary rules.

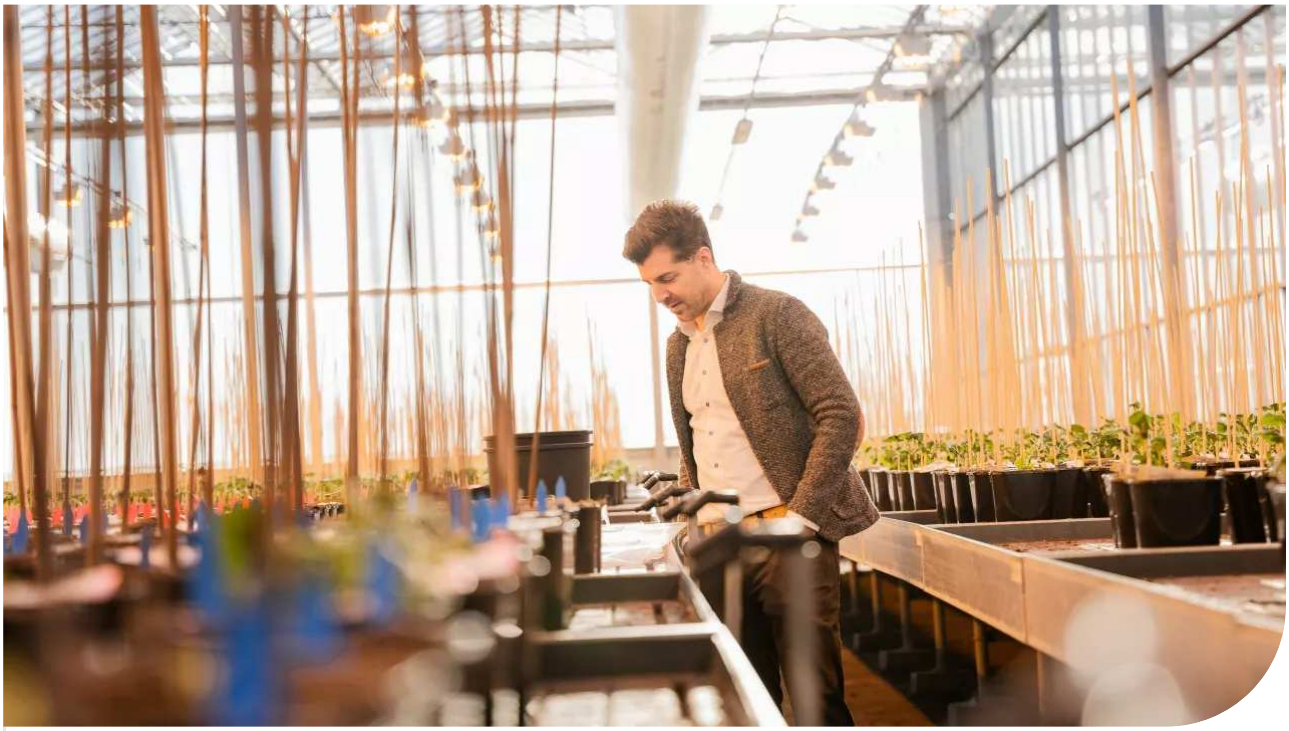


Potato plant

Accelerate basic research with universal potato variety set

From 1 January 2024, universities can use a universal potato variety set provided by Royal HZPC Group B.V. for basic research. We will make the variety set available in the form of 96 in vitro plantlets or tubers, with the aim of simplifying and accelerating research on potatoes. And this project has two advantages; we help academia and it gives us a chance to understand the potato even better. This type of private-public partnership is new but several parties have expressed interest and the first experiments have already become a reality.

Read more about our 96-genotype set



Stan Oome in the greenhouse at HZPC Research



Partner in the picture - Niels Louwaars

Director Plantum

Plantum is the Dutch association of seed and planting material companies with about 300 members, including potato breeders such as Royal HZPC Group B.V. The association represents these companies to government, politics and society. As the director of Plantum, Niels Louwaars has been closely following the rise of gene-editing (e.g. CRISPR-Cas) and the corresponding, renewed political debate.

Niels Louwaars: "We want to reduce the use of chemicals in agriculture. We want crops to be more robust and resilient to the impacts of climate change. And we want crops that fit the needs and demands of consumers and processors. And all as soon as possible."

Plant breeding is a very powerful part of the solution and, over the past 50 years, considerable strides have been made to accelerate plant breeding, which is fundamentally a slow process. There were two major developments in the 1980s that led to this acceleration: GMOs (genetically modified organisms) and marker-assisted selection.

GMOs are not accepted for cultivation in Europe. New Genomic Technologies (NGTs) such as CRISPR-Cas, however, are a logical next step in a trend that has been going on for 50 years. However, there is societal distrust when it comes to NGTs; the laboratory techniques are so complex that people tend to think they are still GMOs. But gene-editing is substantially different and it only produces plants that can also be created in nature.

"In Europe, we have very strict legislation for so-called regulated GMOs. Only large companies with sufficient financial and legal capacity can take advantage of the corresponding opportunities and then only for soya and maize, for example, where the investments can be made.

That's where our concerns lie. Currently, CRISPR-Cas is still considered a regulated GMO. This prevents small businesses from using the method and puts them at a disadvantage. The diversity of companies is what makes the Dutch sector so strong. But it is coming under pressure because of this."

> “ The diversity of companies is what makes the Dutch sector so strong ”

Discussions about CRISPR-Cas are on the European political agenda. The European Parliament has agreed to a European Commission proposal to roll back the CMO rules for most gene-editing applications. The proposal is for breeders to declare which techniques they have used and it also looks at whether finished products should be labelled. The key question, however, is how countries can regulate and control the situation. So while legislation is becoming more flexible, new regulations may be added and these, once again, will require financial and legal resources.

It is now up to the European Council to make a decision. How quickly that happens depends on the presidency of the European Council, which changes every six months. Last year, Spain and Belgium presided and pressed for a decision. They didn't get one. Now, Hungary and then Poland hold the presidency, and they seem less eager. That means decision-making is likely to be two to three years away. And then it will take another two years before the legislation is in place. And all this while the world around us is already fully focussed on NGTs.Europe is still the biggest plant breeder and the classic methods are becoming more and more efficient so food security is not at stake. And it must be said that NGT is not a universal remedy either, just an extremely useful tool in the breeders' toolbox. European plant breeding companies face a strategic choice: do they wait for the legislation or will they start working on NGTs outside Europe? Then, they would have to divide their research budget into two streams for

as long as they are not allowed to use the products from gene-editing in Europe. The risk is that we will stifle progress as a result, as companies put less effort into the mainstream breeding programmes. But if you do not start exploring NGTs until the legislation is in place, you will be behind the curve.

> “CRISPR-Cas is not a universal remedy, just an extremely usefull tool in the breeder's toolbox.”

04 **FEED**

Inspire and challenge



Inspire and challenge

Our new varieties lay the foundation for a bright future. We challenge our partners, customers, growers and ourselves to inspire each other and build a sustainable and promising future.



New methods in seed potato cultivation

If the use of plant protection products is increasingly restricted, what alternatives are there? The Future-Proof Seed Potato Cultivation Project, involving 14 Dutch growers and Royal HZPC Group B.V., allows this question to be examined. They are experimenting with straw mulching, lower N dosage, gauze covers and strip cultivation, for example, and are learning a lot from each other and each other's experiences as a result. No fewer than 54 growers applied the straw mulching technique in 2023-2024, 8 growers focused on drip irrigation and seed potato production, and 12 growers have their mini-tubers and part PB2 (pre-basic seed potatoes) under nets.



Stromulching in Oude Leije, Friesland, Netherlands

An integrated view of seed potato cultivation

An important development in seed potato cultivation is Integrated Crop Management (ICM). In a nutshell: ICM is a systematic approach to growing healthy crops with limited use of crop protection products, addressing crop rotation, diseases, pests and weeds in a comprehensive approach. So everything you do as a grower needs to be aligned to achieve the best results. This calls for clear choices and a multi-year plan in relation to tilling, rotation schemes with other crops, green manures, driving lanes and basically everything else involved in arable farming. This situation varies for every grower. At Royal HZPC Group B.V., we follow everything closely, put growers in touch with each other and offer advice when it comes to seed potato cultivation. The choice to work with ICM is up to the growers themselves.

The impact of seed potato cultivation on the environment.

The carbon footprint of potatoes is small compared to other major food crops. But how much CO2 is emitted, exactly? To answer that question, Royal HZPC Group B.V. is working with Agrico and Meijer to develop a uniform method that measures greenhouse gas emissions from seed potato cultivation so that every trading house can report on this in the same way. It also helps to better quantify the environmental impact if we choose to produce locally, e.g. is it better to grow and transport seed potatoes in the Netherlands? Or is the impact on the environment

reduced if you grow locally and continue growing seed potatoes for another generation or two? This uniform approach also provides insights into the positive impact of new varieties, which may be able to cope with less fertiliser, on CO2 emissions. After all, the use of fertilisers has the biggest impact on CO2 emissions.



Transport of seed potatoes in the port of Harlingen

Mini tuber production in the UK secured

In 2023, HZPC UK, part of Royal HZPC Group B.V., acquired mini-tuber producer T.L.C. Potatoes Ltd in Scotland. The past year has been all about modernisation, investment and aligning logistics with those of Royal HZPC Group B.V. From April 2024, day-to-day management will be in the hands of HZPC UK. As a result of Brexit, it is no longer possible to transport seed potatoes to or from the United Kingdom. We used to supply high-quality seed potatoes to that location and then leave production to third parties, but we can't do that now. Thanks to the acquisition, however, we have been able to secure mini-tuber production in the UK. UK growers will thus have faster access to new, robust varieties.



Triple 7 in polytunnels for mini tuber production

A wonderful success thanks to a special collaboration

To develop varieties that do well in tropical conditions, we work with the International Potato Centre (CIP) and Syngenta Foundation in Vietnam. By joining forces in this unique private-public partnership, we can accelerate the potato breeding and selection process. We are proud of the first major success from this collaboration, the new potato variety HCIP210, and the fact that it was developed within eight years, where the development of new potato varieties normally takes 10 to 12 years. HCIP210 gives high yields, has a long period of dormancy, performs well in different conditions and scores well on resistance to Phytophthora and PVY and PVX virus.

Read more about this collaboration



The potato variety HCIP210



Partner in the picture – El Ouafi el Ayachi

General manager Pionagri in Morocco

The biggest challenge is to contribute to sustainable agriculture with varieties suitable for growing conditions in Morocco. We are also seeing the effects of climate change here, including climate stress, water shortages, diseases and viruses. The demand for sustainable varieties resistant to this is increasing and we are mainly selecting varieties with good resistance packages that have high yields with reduced input. But we also look beyond this, for instance at the period of dormancy, growth time, tuber shape and size, skin colour and cooking quality. We take as many aspects as possible into account because that is what growers and the market are asking for.

El Ouafi el Ayachi: "We have 20 trial fields spread across the main growing areas in Morocco. Each growing area has different conditions and thus requires different varietal characteristics. We put a lot of time into testing and selecting new varieties and, in this context, work with various partners at home and abroad. There are more than 350 different varieties in our trial fields every year and we are expanding our research and selection programme to other countries in North Africa with similar growing conditions. Our R&D programme forms the foundation of Pionagri, and is in the hands of an experienced team of agronomists. This allows us to fully support growers and distributors and meet their needs and requirements."

> “have now been working closely together for more than a decade. It is a collaboration based on mutual trust and respect”

"One of those important cooperation partners is STET. We have now been working closely together for more than a decade. It is a collaboration based on mutual trust and respect; STET is one of the leading seed potato companies in the Netherlands with a great range of varieties that are very successful in the Moroccan market. The company has a robust breeding programme and every year we test and select more than 15 STET varieties in our own trial fields.

With STET, we are looking at how we can develop further together, with varieties suitable for growing conditions in Morocco. Our cooperation has always been very successful and we are proud to have worked with STET for so long. With STET, we are building a strong future, with a wide range of varieties that meet the demands and needs of growers and the market."

05 **REPEAT**

Resilient and agile



Resilient and agile

We never stand still at Royal HZPC Group B.V. We are driven to contribute to the world's food supply every day and are always looking at where changes and improvements can be made. Sometimes we face setbacks but, in those moments, we show ourselves to be resilient and agile.



On edge due to cyber attack

On 14 September 2023, Royal HZPC Group B.V. was hit hard by cybercrime when criminals managed to transfer a large amount of money to their own bank accounts. Fortunately, we managed to recover the money but the cyber attack put us on edge. The security level of our systems was and is up to standard, but a phishing email was not recognised as such by employees. We have now have improved security even further, with the most important measure being to raise awareness among employees. We probably haven't paid enough attention to this in the past but everyone within Royal HZPC Group B.V. must now attend regular, mandatory training to reduce the risk of a repetition.

Aurora takes us further

On 1 July 2024, we will take the next step in Aurora, our Business Transformation Programme. Our branches in Poland and Germany switched to the new ERP system on that date and an overall planning and consolidation system is already in use. Within Aurora, diligence comes before speed. We have thus opted for a step-by-step implementation which means that not all functionalities are immediately available. All branches will switch over in the next two years.

A different working method impacts our employees and growers so we are paying a great deal of attention to this issue and ensuring that everyone is included in the changes we are going through as an organisation. Things may not always runs smoothly but, thanks to Aurora, we will soon be able to collaborate more effectively and internal processes will be better streamlined. This will free up more time for contact with customers, growers and partners.



Cooperation with new consortium of banks

In 2023, Deutsche Bank informed us that they no longer wanted to act as a financier of Royal HZPC Group so we had to look for a new bank. Meanwhile, a new consortium of three banks has been created: ING Bank NV has remained, Commerzbank AG and Crédit Industriel et Commercial are new. We have made many improvements with respect to compliance, i.e. abiding by laws and regulations and working according to standards and rules. This has also been noted by the banks. As a result, we have again secured funding for the coming years on similar terms.

Connecting Growers follow-up

In October 2023, the Board of HZPC Association and the Supervisory Board evaluated the Connecting Growers programme. This programme involves Royal HZPC Group B.V. spending EUR 1.5 million each year to buy up certificates and donate them to active growers in the European Union. A decision was made to continue on with the programme for the time being. In Finland, Germany and the Netherlands, many active growers have taken advantage of this, but French and Polish growers are still barely participating. Growers still find the onboarding process on the exchange platform difficult. Currently, 62% of growers have signed up.

Building together for change

Every day, together with our employees, customers, partners and growers, we take important steps towards the future. We want to be and remain resilient while increasing our positive impact on the world. The growth in results always has a greater purpose and we believe in a future in which we can use robust, high-quality potato varieties to make a world of difference. For the environment, but also for our growers, customers and partners. It is therefore vital to continue investing in variety development, strengthening our own organisation, cooperation with our partners, the talents and skills of our employees and the transformation of the seed potato sector. But we will only succeed if we continue to put our shoulders to the wheel together. So that we can continue to meet the demand for sufficient healthy food.



Paul Zekveld and Martin Jansen Klomp at the Demo Field in Emmeloord


Grower in the picture - Christian Ouin
Seed potato grower in Normandy, France

As you drive through Normandy in summer, you would be hard pressed to miss the endless fields of blue flax flowers. In June and July they also grow in the fields of Christian Ouin, grower in Seine Maritime, northern Normandy. He grows several crops and also raises cows. In this area, seed potatoes are one of the most important crops, besides flax. He uses straw mulch and gauze covers to protect seedlings.

Christian Ouin: "Since 1992, I have been growing 30 hectares of seed potatoes. From the beginning, I have been working with different varieties for HZPC, including Colomba, Franceline, Innovator, Taisiya and Marilyn. My goal is to produce the best possible seed potatoes for each variety.

Four years ago, I saw the first trial fields of HZPC France where they applied straw mulch and this kick-started me into using it. The first time I used it was to protect my mini-tubers. Those first years are so important; if things go wrong then, you will lose many hectares in the years thereafter. So you need to protect that zero generation properly. I have since switched to gauze covers for the mini-tubers. The total area is about 0.3 hectares. For all other generations, I now use straw mulch on my acreage of seed potatoes."

> “I would definetely advice other growers to switch to straw mulching. I've only found benefits from making the change”

"With an Altec machine, I spread about 2.5 to 3 tonnes of barley straw on the field per hectare. If we organise it well, two drivers can cover about 8 hectares a day with a layer of straw. One bale of straw will give you enough for a track 400 metres long and 5.4 metres wide.

Three years ago, I stopped using insecticides altogether and now only use mineral oils and straw mulch. It’s been very successful. Among the growers around us, it is clear that the potato Y virus is becoming more and more widespread. Our fields, however, were completely free of the virus in 2023 and that is a fantastic development. I would definitely advise other growers to switch to straw mulching. I’ve only found benefits from making the change.”

> “As a grower, you should always be looking at how to do things better. You have to keep adapting and dare to change”

"I am always very interested in new techniques and I now use drip irrigation on 24 hectares of my land. I first lay the drip lines between the ridges and then the straw goes on top. As a result, the yield is fantastic.

In a few years, my daughter will take over the business from me and as a grower, you should always be looking at how to do things better. You must keep adapting and be bold enough to change. I see HZPC coming out with wonderful new varieties with good resistance packages in the near future. Growing seed potatoes requires a lot of time, work and money but, with a good price for our seed potatoes, I think the future is very promising."



Zo werkt stro mulching

Placing straw on the fields disorientates the aphids as they cannot tell the difference between the plants and the soil. As a result, they can’t identify the plants to land on so they continue their journey. Straw mulching does not offer full protection, but is a cheaper alternative than gauze covers and still very effective. It is also sustainable, as the grower has to use less insecticides.

06 **COMPLIANCE**



Corporate governance

Royal HZPC Group B.V. is a two-tier board company with an Executive Board and an independent Supervisory Board (SB). The Executive Board directs the Strategic Business Areas (SBAs); namely Strategic Business Area Europe, Strategic Business Development Area, SBA STET and SBA IPR and HZPC Research & Development.

	Tasks and Authorities
Executive Board	− Informs SB about policy and general affairs. − Discusses important issues with SB. − Presents essential decisions to the SB, for approval.
Supervisory Board	− Maintains supervision over policy, Executive Board and general matters. − Supports Executive Board with advice. − Approves essential decisions by Executive Board. − Appoints the Executive Board.
General (Annual) Meeting of Shareholders	− Appoints, on recommendation of SB, members of the SB. meeting − Has authorities that are set out in law and the company's Articles of Association. − Approves specific decisions by Executive Board.
Association HZPC	− Convenes general meeting of shareholders. − Owns 100% of shares. − Has certified all shares.
General members' meeting Association HZPC	− Selects and appoints the Board of Association HZPC. − Approves several proposed decisions by Association HZPC.
Certificate holders	− Are (former) growers, (former) breeders and (former) members of staff. − Appoints Board members − Finances the business with risk capital. − Can be members of Association HZPC.

Personal details of management structure as at 30 June 2024

Supervisory Board

M. Kester, Chair man	Noordwijkerhout
C.J. Biemond	Godlinze
J.P. Bienfait	Amsterdam
I. Frolova	Utrecht
M. Hommes-Gesink	Lauwerzijl

Royal HZPC Group B.V.

Executive Board

G.F.J. Backx	Chief Executive Officer
H. Verveld	Chief Commercial Officer
J.L van Vilsteren	Chief Financial Officer

Executive Committee

G.F.J Backx	Chief Executive Officer
L. Escalon	Director SBA Europe B.V.
R.P. Graveland	Director HZPC Research B.V. and IPR B.V.
P.C Ton	Director STET Holland B.V.
H. Verveld	Director SBDA B.V., Chief Commercial Officer
J.L van Vilsteren	Chief Financial Officer



Participations

HZPC IPR B.V.	R.P. Graveland
HZPC SBA Europe B.V.	L. Escalon
HZPC SBDA B.V.	H. Verveld
HZPC Research B.V.	R.P. Graveland
STET Holland B.V.	P.C. Ton

HZPC SBA Europe B.V.

Director

L. Escalon	Director

HZPC Deutschland GmbH	R. Möller
HZPC France SAS	C. Gauchet
HZPC Holland B.V.	M. Jansen Klomp
HZPC Belgium B.V.	M. Jansen Klomp
HZPC Kantaperuna OY	M. Kauppinen
HZPC Patatas Espa	J. Luis Marti
HZPC Polska Sp. Z.o.o	T. Jardzioch
HZPC Portugal Lda	P. Simoes
AO HZPC Sadokas	P. Bemelmans
HZPC UK Ltd.	C.R. Baker
TLC Potatoes Ltd.	C.R. Baker
ZOS B.V.	M. Jansen Klomp

Works Council of HZPC Holland B.V.

E. Meinsma	Chairman
P. Kreijger	Vice Chairman
D.Woertink	Secretaris
A. van den Berg	Member
G. Bloembergen	Member
S. Dijkstra	Member
L. Gommers	Member
K. Veenstra	Member
T. van der Wal	Member

HZPC SBDA B.V.

H. Verveld	Director

Management of Participations

Solentum B.V.	H. Verveld
HZPC América Latina S.A	I. Ramallo
HZPC Americas Corp.	J. Scramlin
HZPC Limited	H. Verveld
HZPC China Limited	H. Verveld

STET Holland B.V.

P.C. Ton	Director

Management of Participations

STET Potato UK	P. Hewett
STET France Arl.	T. Rondeaux
STET Russia LLC.	P.C. Ton
D.S.S Opslag B.V.	P.C. Ton

Risk Management

Enterprise Risk Management

Royal HZPC Group uses the principles of Enterprise Risk Management (ERM) and sees added value in applying COSO* principles in a structured way to maintain focus and steer towards our objectives. The reporting year, therefore, saw important steps in the development of the risk framework and roadmap towards integrated risk management. By integrating risk management into our daily operations, we can take greater advantage of opportunities, implement improvements faster and reduce uncertainty regarding the consequences of our actions. This helps us achieve our goals.

We have a global presence and representation. This means that we are exposed to a wide variety of risks, where the probability and impact of the potential events may vary from one region to another. The development of our ERM framework helps us better identify, analyse and act on opportunities and risks appropriately. This enables us to do business responsibly. This is what our customers, employees, shareholders and society as a whole expect from us and we are therefore working on this with great dedication

** COSO stands for Committee of Sponsoring Organisations of the Treadway Commission. It is an organisation that develops guidelines and frameworks for risk management, internal control, and fraud prevention within organisations. COSO's most well-known framework is the COSO Internal Control - Integrated Framework, which is used to assess and strengthen internal control systems within companies. This framework helps organisations manage risk and comply with regulations, and is globally recognised as the standard for internal control. COSO additionally provides frameworks for enterprise risk management (ERM) and fraud control.*

Our risk profile

In the table below, we describe four risk categories. These categories each contain themes that were identified by us in the reporting year as the greatest risks to the realisation of strategic, financial and non-financial objectives. For each theme, we describe how we regard the risk or opportunity, what corresponding action we are taking, and any developments. This profile represents the opportunities and risks group-wide.

Royal HZPC Group B.V. Risk table

		Impact	Likelihood	Vulnerability
Strategic (market) risk	Competition			
	Disruption & R&D investment			
	Local market risk			
Operational risk	IT & security			
	Production -to-sales ratio			
	Aurora Business transformation			
	Human capital			
	Variety portfolio			
	Internal control			
Financial (reporting) risk	Treasury			
	Reporting & disclosure			
Compliance risk	Compliance breaches			
	Infringements			



Competition

The environment in which we operate can change rapidly and, with it, our competitive position. Unexpected changes may occur in terms of new market entrants, mergers and acquisitions, expansions and/or the increasing focus on sustainability issues. Change brings both opportunities and risks. If we do nothing, we may lose our competitive advantage. Sales may decline, margins may evaporate and we could fail to achieve our strategic goals.

How do we manage this risk?

Royal HZPC Group B.V. has a multidisciplinary team from Finance, R&D, Marketing and Sales that structurally monitors the competition when it comes to R&D investments (incl. varieties), M&A, strategy and entrepreneurship, model changes and market dynamics. The team reports periodically to the Executive Committee. These reports serve as input for strategic decisions regarding the various markets in which we operate.

Disruption and R&D investments

We consider R&D to be of strategic importance in achieving our objectives. Ensuring our relevance now and in the future requires having the right varieties at the right time in the different markets and geographical and climatic zones in which we operate. To do this, we must make significant investments for the future based on today's assumptions and considerations. Not having the right variety at the right time in the future could significantly hamper our activities.

How do we manage this risk?

We are developing a long-term R&D strategy. This sets out what we need in terms of talent, knowledge and skills and how we can attract, retain and develop the appropriate people. We make targeted investments in R&D and constantly seek to improve and accelerate the research process, with our focus on promoting advanced, targeted clonal breeding techniques. We regularly report on the progress. Moreover, we are trying to improve the internal feedback loop between sales, marketing, product management and research so they can respond quickly to current but, more importantly, future customer needs. We continue to invest in hybrid breeding to enable a faster breeding process. This new breeding technique will strengthen our tetraploid programme and the hybrid programme also enables the development of potato seed. We plan to start selling seed in the next five years; this will allow us to enter new markets that are difficult to reach with seed potatoes.

Local market(s)

We see huge variations in local market conditions within the sector. In this context, there is a risk that we may not be aware of the specifics of the local market and how to respond to them, or we may not be able to respond to volatile specific market situations.

How we manage this risk?

We are very aware of the differences between markets. The fact that we sell multiple varieties to multiple countries means we can cope well with local market interruptions. We spread the risk thanks to HZPC branches and collaborations with others in different parts of the world. We develop new robust varieties, collaborate with various partners and organisations and work on the interchangeability of our seed potatoes across markets. We believe it is important to be aware of the specific market requirements and regulations in order to respond quickly to changes and find solutions.

IT and security

To do our job, we need well-functioning IT systems. Interruptions, system failures and data breaches can affect business operations in general and cause sensitive business information to leak. With the ongoing digitalisation and growth of our business, we are increasingly dependent on the proper functioning of our IT landscape. This requires good security systems.

How do we manage this risk?

We have processes, policies and procedures in place to mitigate IT and security risks, including a range of preventive and detective measures encompassed within training, improving controls and monitoring. To further develop our systems, we are improving our IT Control Framework. Moreover, our new system will be designed taking into account overall IT controls to mitigate security risks. In the meantime, we conduct regular penetration tests and offer ongoing security training for everyone at our company.

Follow-up to cybercrime incident

Despite our focus on cyber security, Royal HZPC Group B.V. became a target of cybercrime in 2023. Luckily, thanks to the quick responses from various parties, the full amount was recovered. After the incident, we accelerated improvements in our IT landscape.

Production-to-sales ratio

We have to consider both market demand and the acreage planning of our growers. This means making long-term forecasts when it comes to production and sales. If this forecast is incorrect, it will have implications for Royal HZPC Group B.V.'s financial position.

How do we manage this risk?

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Business transformation

We have to consider both market demand and the acreage planning of our growers. This means making long-term forecasts when it comes to production and sales. If this forecast is incorrect, it will have implications for Royal HZPC Group B.V.'s financial position.

How do we manage this risk?

The overarching business transformation programme 'Aurora' includes transformation in terms of our people and culture, the introduction of a new ERP system to replace the current end-of-life system still in use, and role and process harmonisation. All with the end goal of creating a more effective and efficient organisation. The regular risks associated with major programmes apply here too and are also subject to the organisation's attention. The main programme risks include budget to realisation, depletion of funds, shrinkage of scope and underperformance. The importance of adoption is also recognised. We monitor risks through periodic updates on programme performance and the extent to which deliverables have been met.

Human capital

To become and remain a market leader, it is important that we can attract, retain and develop the right staff. That is why we continue to invest in new talent and offer existing staff development opportunities.

How do we manage this risk?

The labour market situation is challenging. We maintain a presence wherever the right talent is found; an example of this is our office in Wageningen. This enables us to attract the right people to our research. The coming year will see a differentiated approach to Human Capital Management to ensure the deployment of the right person in the right job (always fit for purpose).

Variety portfolio

A healthy variety portfolio is necessary for Royal HZPC Group's independence. An extensive and diverse portfolio of varieties allows us to serve our customers as effectively as possible.

How we manage this risk?

We continuously invest time and money in developing new varieties with sustainable growth potential to expand our variety portfolio and make it future-proof. To ensure we have the right portfolio, we have improved the internal feedback loop and will continue to refine it in the future.

Internal Control

As we continue to grow, so does the need for more maturity when it comes to internal control. A lack of internal control may lead to irresponsible financial reporting, operational ineffectiveness, fraud and non-compliance with laws and regulations.

How do we manage this risk?

We pay close attention to the further implementation of internal controls and risk management within the organisation. We take action to ensure professional and structured attention is paid to risk management. We have created a dedicated business risk and compliance department to help us make the required improvements. Where necessary, we optimise our policies, procedures, standards and guidelines. The Aurora programme reinforces and supports this process.

Treasury

Our operating result is subject to treasury risk. Financial problems encountered by customers and/or in specific countries may lead to financial losses for Royal HZPC Group B.V. Cash flow risks and currency risks need to be managed and continuity of funding also falls under Treasury risk.

How do we manage this risk?

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Reporting and publication

To make informed decisions and comply with legal and statutory requirements, we need reliable reports and analyses. Preparing reports and analyses currently requires a great deal of manual work. In our next reporting year, the manual work should lessen and there will be more automated generation, which will reduce the estimated probability of the risk manifesting.

How do we manage this risk?

We are working on the implementation of a new ERP system, which will give us the option to filter data in a user-friendly way for reporting purposes. We will implement (functional) risk and control requirements in the ERP system through collaboration with our internal control manager in the ERP project, and improving data quality and availability. We are using a new consolidation tool, which will be rolled out to the countries in the coming year to improve regular reporting.

Moreover, policies and procedures, as well as the overarching management manual, have been updated. In the future, we hope to have an ERP that supports us in generating real-time, up-to-date reports and an ERM framework which allows us to make a statement on the current level of procedural effectiveness.

Compliance with laws and regulations

The Royal HZPC Group B.V. is increasingly subject to audits and controls. Compliance with financial laws and regulations is important and banks and auditors take us to task on this. We are also seeing major developments with regard to non-financial laws and regulations and social supervision, for example in the field of sustainability. The importance of being compliant with our policies, laws and regulations as the key 'hygiene factor' for our business falls within the scope of this risk.

How do we manage this risk?
In recent years, we have established a business risk & compliance department which actively supports awareness of compliance issues in the organisation. It also enables us to resolve compliance issues more quickly, especially where third-party payments and internal irregularities are concerned.

At HZPC, we are constantly looking for opportunities to create solutions and, in line with this value, we have reviewed and updated our policies and procedures where necessary, following the recommendations of an external consultant. Our commitment to knowledge and personal development drives us to continuously improve these processes, procedures and controls.

We have also held awareness sessions on relational due diligence, with a specific focus on ‘Knowing Your Customer'. These efforts reflect our responsibility to get to know our business contacts properly and will be continued and extended to ‘Knowing Your Agent' and ‘Knowing Your Supplier'.

We are committed to achieving our goals and our approach is based on conscious risk taking, underpinned by our thorough country risk analyses. This is an expression of our commitment to building long-term relationships and taking responsibility for our actions. At HZPC, we strive to maintain the highest standards.

Infringement

There is a risk that we could be unable to protect our intellectual property rights because competitors abuse our rights or produce derivative varieties.

How do we manage this risk?
We work to protect our varieties in the various countries in which we operate and where varieties can be protected. We constantly monitor the market. In Europe, we are shareholders of Breeders Trust, which protects intellectual property rights and takes legal action where necessary.

We tailor the enforcement of our rights to the market in which we operate. In regions where we cannot rely on a robust jurisdiction to protect our rights, we do our utmost to document the trail and presence of our genetics to maximise the control we have.

Results, investments, financing

Investments

Also this year, despite the economically uncertain environment, we invested in our business and continue to do so. The construction of the R&D facility is now complete and will be officially commissioned in 2023/2024. We began preparations last year for the construction of a minituber facility in France. In addition, we have invested in our minituber facility in UK.

Total invested capital (total fixed assets) at the end of fiscal year 2023/2024 is EUR 42.7 million, which is EUR 6.3 million higher than last year. For next year, we expect a similar amount of investments. An important part of this is the Aurora program. In Aurora, we are adapting processes and replacing the old ERP system. This investment in Aurora is in addition to the regular replacement investments in operations and R&D.

Liquidity

The cash position improved compared to last year. The current ratio is unchanged from 1.2 last year. The quick ratio (current ratio excluding inventory) is unchanged from 1.2 last year. Looking to the future, we do not expect any major changes here.

Results

Net turnover of EUR 415 million was recorded in the past year. Like last year, more than 85% of the turnover consists of seed potato trading. Sales were lower as Royal HZPC Group B.V. mainly achieved higher prices. Licence income increased from EUR 24.5 million to EUR 25,4 million. The organisation's gross margin, i.e. the sum of operating income minus the sum of costs of raw and auxiliary materials and third-party services, freight and loading charges and packaging, decreased to EUR 67,3 million. This is due to lower revenues which were not fully offset by higher prices. By paying close attention to costs, a net profit before deduction of costs of the Connecting Growers programme of EUR 6.1 million was achieved.

As yet, there are no expectations of the result for the coming season due to major uncertainties. These uncertainties are caused by uncertain yield expectations and the corresponding availability for different markets. In addition, uncertainty remains high due to the geopolitical situation.

For our workforce, we don't expect any major changes either.

Financing

Huge changes have affected the financing structure this year. We concluded an increase and extension of our financing agreement as of March 2024. In the process, the consortium expanded from two banks to three banks. The banking consortium now consists of ING Bank N.V., Commerzbank Aktiengesellschaft and Crédit Industriel et Commercial, Succursale de Bruxelles.

Solvency increased from 39.6% in 2022/2023 to 44.7% in 2023/2024. Last financial year, turnover fell and the margin deteriorated slightly. This year, the shortage of seed potatoes had a big impact on our buyers.

Costs were up due to higher volumes and cost increases due to inflation. As for the debtor position, we have seen a strong improvement and this is reflected in the balance sheet. However, we have recognised a higher provision for a debtor from Syria and another from Sudan. The latter is mainly related to the war situation in these countries.

The management team is constantly assessing the relevant information and risks in order to take the appropriate measures. The new financing facility we now have is sufficient to continue paying out advances to growers and finance further growth. The current facility is also sufficient to absorb future regular fluctuations and disruptions in customer receipts. The management team constantly monitors developments in turnover and costs in order to maintain an overview of liquidity developments. Analyses are also carried out on a regular basis so that additional measures can be taken in good time. On the basis of the management analyses, the current results and the company's financing position, the annual accounts have been drafted on the basis of an assumption of continuity. Based on an updated forecast in September 2024, we expect to have sufficient funding until at least March 2028 and to be in compliance with the bank's covenants.

Remuneration policy and personnel matters

Our employees are crucial to achieving our strategic goals. Adequate personnel policies and market-based remuneration policies enable us to attract and retain staff. We use a range of different tools for this purpose.

Last year, there were no changes in the remuneration and remuneration policy for directors and/or supervisors. Once every five years, the remuneration of the director and/or supervisors is benchmarked by an external agency.

Employees make an important contribution to the success of the company and, last year, we were able to attract great people. Some employees also left. We have been able to fill the vacancies that have arisen plus the additional positions created by business growth, although vacancies tend to be open a little longer than during previous years. We expect personnel numbers to remain the same or rise slightly.

Diversity

Royal HZPC Group B.V. stands for Diversity, Equity and Inclusion (DEI).

We are committed to a diverse workforce and an inclusive environment where everyone feels valued and respected. In addition, we support a corporate culture where everyone feels encouraged to (continue to) develop and grow. Or, in other words: Guiding continuous growth.

We actively seek to attract, employ and retain people from diverse backgrounds. As a result, our workforce is increasingly reflecting the rich diversity of the societies in which we operate. Our commitment to diversity extends to all levels of the organisation, from entry-level positions to management positions. The diversity dimensions on which Royal HZPC Group B.V. intends to report are:

1. Gender diversity (female/male representation
2. Age diversity (representation of different age groups)
3. International diversity (number of nationalities of our colleagues)
4. Knowledge diversity (distribution of our workforce by clustered subject areas)
5. Equal pay for men/woman

In addition to these diversity dimensions on which we report, Royal HZPC Group B.V. also stands for:

6. Labour market diversity (removing barriers to/promoting participation of colleagues with an occupation disability)7. Ethnic and cultural diversity (promoting the representation of different ethnic and cultural groups)8. LGBTQ+ diversity (welcoming anyone regardless of sexual orientation)Philosophy of life (allowing for differences in terms of faith of philosophy of life)

We do not report on the representation of these groups within our workforce.

Gender diversity targets have been set for the composition of the management (Supervisory Board and Executive Board) and (Managing Directors of the SBAs) of the organisation.

Gender diversity targets have been set for the composition of the management (Supervisory Board and Executive Board) and (Managing Directors of the SBAs) of the organisation.

Management layer	target	To be realised by:	Explanatory notes:
SB	20% of members are of the 'opposite sex'. At least 20% female and at least 20% male (current situation: 2 women, 3 men)	Realised	Target was realised in financial year 2023-2024. The SB has 2 women and 3 men, i.e. more than 20% of the 'opposite sex'. In future replacement, efforts will be made to continue to achieve the targets.
Executive Board	20% of ExBo are of the 'opposite sex'. At least 20% female and at least 20% male (current situation: 3 men)	1-1-2028	Target was not realised in financial year 2023-2024. In future replacement, efforts will be made to achieve the targets.
Managing Directors SBAs	20% of Managing Directors are of the 'opposite sex'. At least 20% female and at least 20% male (current situation: 4 positions, including 3 men as Managing Directors and one vacancy).	1-1-2028	Target was not realised in financial year 2023-2024. In future replacement, efforts will be made to achieve the targets.

Equal and fair treatment

We are accountable to the principles of fairness, impartiality and justice. Our aim is to provide a working environment where everyone has equal access to professional and personal growth. To the extent that there are barriers to these principles, we want to remove them.

Our Code of Conduct describes how to deal with (perceived) unequal treatment.

Inclusion

For us, inclusion means promoting a sense of 'belonging' and creating a culture where everyone feels properly rewarded, respected and valued. Our mission, vision, corporate values and goals should be unifying. Within this context, we encourage open dialogue, active listening and mutual respect for everyone's unique contribution to the whole. We recognise that inclusive teams are more innovative, productive and better able to achieve our shared goals.

General

Our commitment to DEI is in line with international (including European) laws and regulations promoting equality and non-discrimination in the workplace. We focus on adhering to the principles set out in the various international guidelines within the countries where we are based. We understand that building a diverse, equitable and inclusive organisation is a journey that requires continuous effort and improvement. We will discuss the objectives internally so that they are known to everyone. Based on insights gained, we will make arrangements with Staff Representatives to refine our practices and policies.

Share certificates

Royal HZPC Group issued 783,725 shares with a nominal value of EUR 20. HZPC Association (Vereniging HZPC) owns 100 percent of the shares and has certified all the shares. The certificate holders form a closed group, the members of which have to comply with specific requirements. All certificate holders have a business agreement with Royal HZPC Group B.V, or have had one in the past.

Connecting Growers

Twenty years ago, almost all certificates were in the hands of active growers. This has now fallen to around half. This is because many growers, who are no longer actively involved in growing, hold on to their certificates and in the past have rarely offered them for sale. At the same time, active growers purchased few certificates. Thanks to the Connecting Growers programme, share certificates are increasingly coming into the hands of active growers. For this purpose, Royal HZPC Group B.V. bought EUR 1.5 million worth of certificates in 2023-2024. These were donated free of charge to growers with a seed potato contract with Royal HZPC Group B.V. in the EU. The majority of our active European growers now hold certificates. Read more at: https://www.hzpc.com/en/about-us/association-hzpc/connecting-growers.

Share trading platform

Share certificates used to be traded on an internal market. Since the trading period in May 2022, Royal HZPC Group B.V. has operated a new trading system for trading in certificates. Twice a year, in May and November, certificate holders can trade HZPC certificates for 10 working days on the Captin trading platform; Captin is an AFM-regulated brokerage firm. Royal HZPC Group B.V. has thus become a semi-listed company that is obliged to abide by the Dutch Financial Market Authority (AFM) rules. The market has also become more transparent and the rights of the certificate holders align with the regulations that govern the regular market. The range within which trading takes place is 20 percent (rather than 10 percent), so the market balances faster. During these trading periods, Royal HZPC Group B.V. purchases certificates for the Connecting Growers programme in addition to the certificate scheme for staff.

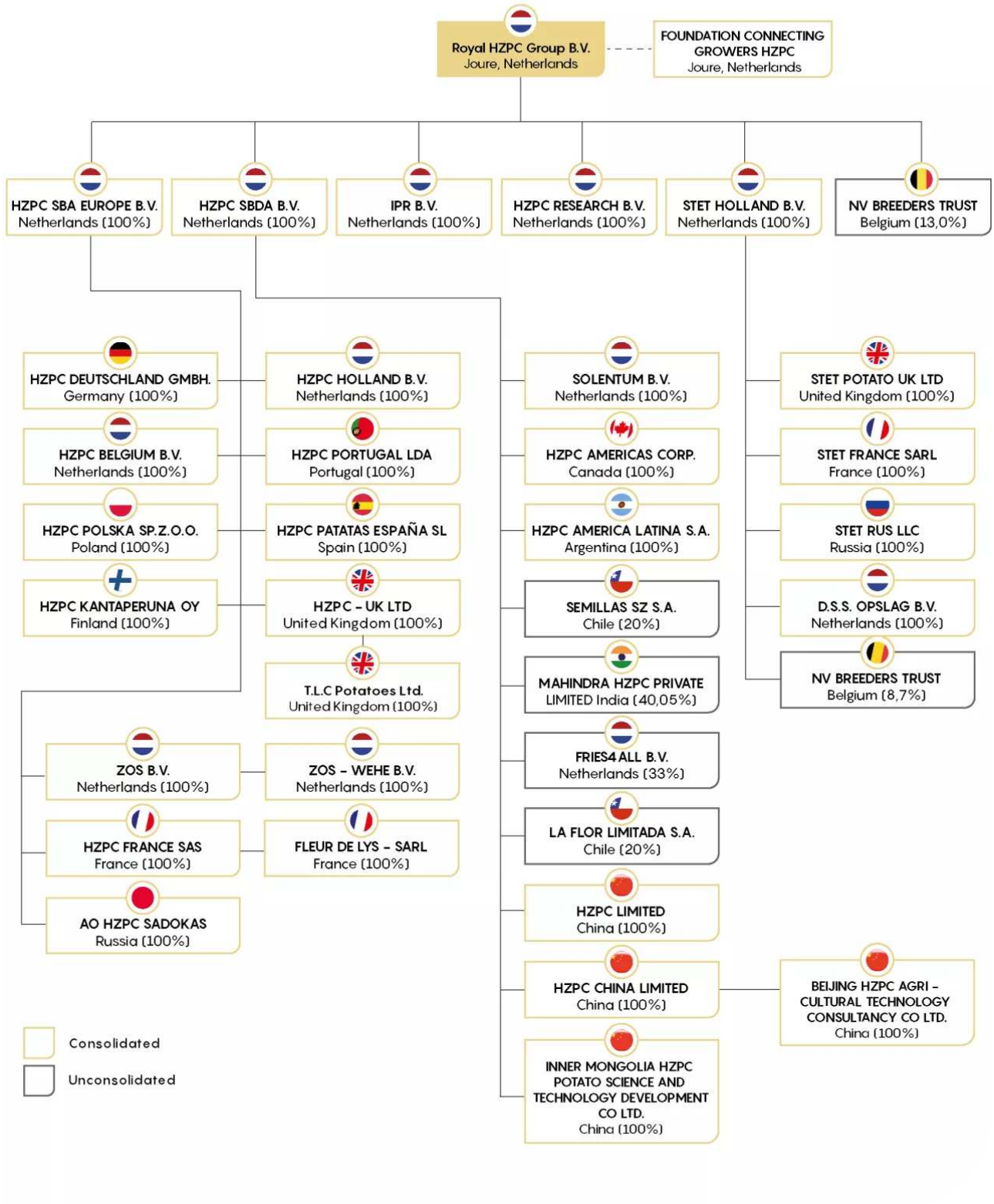
The certificate holders receive information about Royal HZPC Group B.V via press releases, the Annual Report and the HZPC website. In addition, Dutch certificate holders receive the company's client magazine 'Ruggespraak'.

Market table

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Profit per share certificate (x EUR 1)*	€ 6,00	€ 11,93	€ 1,49	€ 1,74	€ 9,00	€ 9,01	€ 7,79
Dividend per share certificate (x EUR 1)	€ 4,00	€ 7,75	€ 1,00	€ 1,00	€ 6,00	€ 6,00	€ 5,20
Dividend as % of net result	67,00%	65,00%	67,00%	57,00%	67,00%	67,00%	67,00%
Rate as of 30 June (x EUR 1)	€ 200,00	€ 162,00	€ 131,25	€ 106,35	€ 76,60	€ 76,27	€ 102,46
Dividend as % of rate	2,00%	4,78%	0,76%	0,94%	7,83%	7,87%	5,08%
Return on shares (x EUR 1)	€ 38,35	€ (30,25)	€ (29,75)	€ (23,90)	€ (23,75)	€ 5,67	€ 31,39
Total shareholders return in %							
(as of 30 June of the previous year)	23,15%	-15,13%	-18,36%	-18,21%	-22,33%	7,40%	41,16%

*exclusive costs of Connecting Growers

Group structure




Partner in the picture - Dirk Brust
Senior relationship manager Food & Agri at ING Netherlands

As senior relationship manager, Dirk Brust is the point of contact for all financial and strategic issues facing wholesale Food & Agri relations. ING Netherlands has been the house bank for Royal HZPC Group B.V. for about a decade. Dirk has been involved with the company, in various roles, since 2007.

Compliance in general requires increasing attention, and this applies within Royal HZPC Group B.V. too. "As banks, we have a ‘gatekeeper’ function in this. This is simply regulated by law. We are a financial services provider, but also a regulator at the same time. And that is not surprising when you consider that all financial transactions converge at a bank.

This involves complying with laws and regulations and countering financial economic crime. You don't want to finance terrorism, or enable money laundering or tax evasion. It also concerns companies you'd rather not do business with because working conditions are poor or because they harm the environment, for example. So we oversee many different facets by constantly monitoring data and looking at which parties are involved, where the money comes from and where it goes. This role has become much more relevant in the past few years. You may have your own opinions on that development but its purpose is very clear: we want to protect our customers and maintain trust in the economic system."

The spotlight is increasingly falling on payments from high-risk countries, so-called 'ultra-high risk countries'. Partly as a result of laws and regulations, ING does not wish to (and cannot) conduct this kind of transaction. But you must make robust agreements with each other in this context, i.e. what can and cannot be done, and this subject regularly comes up for debate. Royal HZPC Group B.V. has significantly tightened its policy on this issue.

"In 2023-2024, Royal HZPC Group B.V. encountered cybercrime. ING does its best try to protect customers from this type of event but, if things do go wrong, it is crucial that you take immediate action. As a bank, we were an important link in the process, and liaised with the bank which received the money. We were able to secure it quickly as a result and ultimately return it to Royal HZPC Group B.V. Fortunately, this is still the outcome in many cases."

> “We thus continue our long-term and enduring relationship with Royal HZPC Group B.V... And are delighted to do so”



"We see ourselves as Royal HZPC Group B.V.'s principal bank and feel proud to have that role. This company is a wonderful knowledge-intensive organisation that has become a market leader thanks to professionalisation and internationalisation. We are part of a consortium of banks providing financing to Royal HZPC Group B.V. Refinancing was completed in 2024 and Commerzbank AG and the Crédit Industriel et Commercial, together with ING Netherlands, form the corresponding financing consortium. We thus continue our long-term and enduring relationship with Royal HZPC Group B.V. and are delighted to do so. It is great to be able to contribute to the future of Royal HZPC Group B.V. as a bank."

07 REPORT OF THE SUPERVISORY BOARD



For the third year in a row, we speak to Michael Kester, Chair of the Supervisory Board (SB), about the main themes of this financial year.

Looking back on an exciting crop year

2023-2024 was a difficult year for the entire potato sector. The harvest was disappointing in north-western Europe with high disease pressure, lower yields and remarkably high levels of oversized seed. It did come with a high payout price for Dutch growers, however.

Although European yields were lower, we were still able to pay a good price to our growers. We saw growth in licencing in the Americas, improved results in India and sales prices rose sharply in export markets. In an challenging year like 2023-2024, this is a result we can be really proud of.

Compliance was the main theme

In 2023-2024, compliance was our main theme. Together with the executives, we asked Partners in Compliance to systematically address compliance issues. Substantial strides have been made on all fronts as a result.

A key question was whether it is still permissible to supply countries where banking systems are failing. Both the SB and the management felt that the organisation's risk profile was too high and the policy for international payments was further tightened in 2023-2024. A number of countries are no longer supplied.

Quick action after cyber attack

On 14 September 2023, Royal HZPC Group B.V. was hit hard by a cyber attack. As the SB, we cannot help but conclude that the security of the systems was in good order but, despite this, cybercriminals still managed to gain access to the systems via a phishing email.

We were impressed by the speed of response to the cyber attack and the siphoned-off money was frozen and has since been returned. Hats off to the Executive Board and the organisation. The Executive Board has also taken measures to minimise the chances of a recurrence, such as the continuous training of staff.

Aurora

Aurora, the business transformation programme, continues to demand our attention. The start was difficult, but Royal HZPC Group B.V. has now made significant progress and changes have been made to the structure of the project management. The Executive Board is also more closely involved in decisions. The SB continues to monitor the situation closely. The first milestone was reached on 1 July 2024, when HZPC Germany and Poland started using the new ERP programme.

A new CEO

After 23 years as CEO of Royal HZPC Group B.V., Gerard Backx is standing down. The SB is responsible for finding his successor and we have handled the process carefully. The full SB met no fewer than 15 potential candidates in person and ultimately selected Hans Huistra. We are delighted with our choice. Hans started as CEO on 1 September and will help shape the new strategy. We are also pleased that Gerard will stay on for the time being to oversee a number of projects.

Other issues on the agenda in 2023-2024:

- A new consortium of banks offering Royal HZPC Group B.V. broader resources for the future with good terms and conditions.
- Crowning anniversary year 2023: Royal HZPC Group B.V. received the Royal designation.
- Strategy development for the next 15 years: the architecture is now in place and the task is to flesh out this new strategy.
- The acquisition of mini-tuber producer T.L.C. Potatoes Ltd in Scotland, through which HZPC UK secures production in the United Kingdom.
- Preparations for the new Corporate Sustainable Reporting Directive (CSRD).

A solid foundation for the future

This year confirms that the complexity of seed potato cultivation and the market is increasing. This requires a critical eye and resilience on the part of the SB and management. Royal HZPC Group B.V. has a solid foundation. Firstly, because the demand for good, healthy food is increasing. The decision to spread our wings globally and invest in licensed cultivation is paying off. This year, for instance, will see a positive result from the joint venture in India for the first time. Thanks to our robust research machine, we have amazing varieties that are ready to conquer the world. Developments in the hybrid programme reinforce classic breeding techniques and, in the coming years, Royal HZPC Group B.V. will be one of the frontrunners in bringing the first potato varieties from seed to the market. We would like to thank the employees and Executive Board of Royal HZCP Group B.V. for their commitment and resilience. It gives us great confidence in the future of Royal HZCP Group B.V..

Composition Supervisory Board unchanged

In 2023-2024, the composition of the SB remained unchanged. Martine Hommes-Gesink and Michael Kester were re-elected for a four-year term at the shareholders' meeting on 7 May 2024.

The Supervisory Board of Royal HZPC Group B.V. supervises the policy of the Executive Board and the company strategy and operates completely independently of this board. The Executive Board submits plans to the SB in terms of strategy, budgets, investments and commercial policy. The SB serves to provide approval of the plans after review. The survival of the company and the interests of all stakeholders are paramount. As an employer, the SB also sets the remuneration for the Executive Board. As a shareholder, the HZPC Association (re)appoints the members of the SB.

In 2023-2024, spread across the year, six meetings took place between the SB and the Executive Board of Royal HZPC Group B.V. The Chair of the SB worked with CEO Gerard Backx to prepare for the meetings. The audit committee met five times, always prior to meetings between the SB and the Executive Board. This financial year, the SB has also held two meetings of shareholders with the Board of HZPC Association.



From left to right: Jean-Pierre Bienfait, Martine Hommes-Gesink, Michael Kester, Irina Frolova, Cor Biemond

08 FINANCIAL STATEMENTS ROYAL HZPC GROUP B.V.



Consolidated balance sheet

Consolidated balance sheet as of 30 June (after profit appropriation)

Assets

(in EUR x 1.000)

	Notes		30-Jun-24		30-Jun-23
FIXED ASSETS					
Intangible fixed assets	**1**				
Research and development costs		4		229	
Goodwill		159		195	
Intangible fixed assets under construction		9.588		3.755	
			9.751		**4.179**
Tangible fixed assets	**2**				
Company buildings and land		21.237		18.873	
Plant and equipment		4.890		4.806	
Other fixed operating assets		799		821	
Operating assets under construction		3		2.776	
			26.929		**27.276**
Financial fixed assets	**3**				
Participating interest		2.482		1.942	
Other securities		24		25	
Deferred tax assets		2.137		2.286	
Other receivables		1.397		736	
			6.040		**4.989**
TOTAL FIXED ASSETS			**42.720**		**36.444**
CURRENT ASSETS					
Inventories	**4**		**2.500**		**2.394**
Trade and other receivables					
Trade receivables	**5**	42.822		60.520	
Account receivables from participating interests	**6**	0		224	
Taxes, contributions and social insurance	**7**	7.337		8.598	
Other receivables and accrued income	**8**	11.645		12.148	
			61.804		**81.490**

	Notes	30-Jun-24	30-Jun-23
Cash and cash equivalents	**9**	**15.444**	**16.602**
TOTAL CURRENT ASSETS		**79.748**	**100.486**
TOTAL ASSETS		**122.468**	**136.931**

Liabilities

(in EUR x 1.000)

	Notes		30-Jun-24		30-Jun-23
GROUP EQUITY	**10**				
Shareholders' equity			**54.701**		**54.296**
Provisions	**11**				
Pensions		229		216	
Provision for risks of claims, conflicts and legal proceedings		0		220	
Other provisions		466		457	
			695		**893**
Current liabilities					
Debts to credit institutions	**12**	30.999		45.092	
Accounts payable to suppliers		15.122		14.918	
Debts to Vereniging HZPC		306		306	
Taxes, contributions and social insurances	**13**	3.189		2.040	
Dividend to be paid		4.075		4.702	
Other debts and accrued liabilities	**14**	13.381		14.684	
			67.072		**81.742**
TOTAL LIABILITIES			**122.468**		**136.931**

Consolidated profit and loss statement for the period 1 July 2023 up to 30 June 2024

	Notes		2023/2024		2022/2023
Net revenue	**15**		414.858		420.857
Other operating income	**16**		310		2.182
Total operating income			**415.168**		**423.039**
Cost of raw materials and other consumables and outsourced work		310.684		295.823	
Freight cost		26.066		41.185	
Packaging		11.071		14.983	
Wages and salaries	**17**	24.489		21.953	
Social security costs and pension costs	**17**	7.597		6.736	
Depreciation of intangible fixed assets		264		905	
Depreciation of tangible fixed assets		2.550		2.327	
Other operating costs	**18**	27.409		28.211	
Total operating expenses			**410.130**		**412.123**
Operating result			**5.038**		**10.916**
Interest and similar income	**19**	5.729		509	
Interest and similar expenses	**20**	-4.518		-3.833	
			1.211		-3.324
Result before income tax			**6.249**		**7.592**
Corporate income tax	**21**	-2.229		-2.184	
Share on result from participating interests		638		556	
			-1.591		-1.628
Net result			**4.658**		**5.964**
Total of direct changes in shareholders' equity of the company					
change in foreign currency translation reserve			-199		-1.459
Total comprehensive income of the year, net of tax			**4.459**		**4.505**

Consolidated cash flow statement

Consolidated cash flow summary for financial year 2023/2024.

(in EUR x 1.000)

	Notes	2023/2024	2022/2023
Operating result		**5.038**	**10.916**
Adjusted for:			
Book result tangible fixed assets		0	-690
Depreciation/amortisation	**1,2**	2.814	3.232
Changes in provisions	**11**	-86	-320
Changes in working capital		19.342	-12.219
Cash flows from business operations		**27.108**	**919**
Interest received	**19**	5.729	509
Dividend received		103	70
Income tax received	**21**	11	183
Interest paid	**20**	-3.915	-2.896
Income tax paid	**21**	-1.770	-502
Cash flow from operating activities		**27.266**	**-1.717**
Investing activities			
Investments in intangible fixed assets	**1,2**	-5.752	-3.767
Investments in financial fixed assets	**3**	-829	-500
Investments in existing participations	**3**	0	-2.015
Divestments of financial fixed assets		0	0
Investments in tangible fixed assets	**2**	-2.656	-3.484
Disposals of tangible fixed assets	**2**	21	901
Cash flow from investing activities		**-9.216**	**-8.865**
Financing activities			
Increase bank loan		-14.093	1.414
Dividend paid		-4.702	-4.702
Purchased certificates of shares		-21	-23
Cash flow from financing activities		**-18.816**	**-3.311**
Net cash flow		**-766**	**-13.893**

	Notes	2023/2024	2022/2023
Currency and exchange rate differences		-392	-1.323
Changes in cash and cash equivalents		**-1.158**	**-15.216**
Cash and cash equivalents at the beginning of the year	**9**	16.602	31.818
Changes in cash and cash equivalents	**9**	-1.158	-15.216
Cash and cash equivalents at the end of the year	**9**	**15.444**	**16.602**

Notes to the consolidated financial statements 2023/2024

General

The company, having its legal address in Joure at Edisonweg 5, with Dutch Chamber of Commerce number 807807928, is a private limited liability company under Dutch law, with 100% of its shares held by the HZPC Association (Vereniging HZPC).

The group's primary activities focus on the potato and encompass:

- research;
- breeding and growing varieties;
- (facilitating) growing, trading and distribution of seed and ware potatoes;
- enabling all other processes in a commercial, industrial and financial context;
- developing concepts

The associated growers deliver the potatoes they have grown to the company and receive a payment for this. The company sells the delivered potatoes grown by them and receives a commission. Most growers cultivate their crop within a pool mechanism. In addition, separate agreements are made with growers.

General accounting principles for the consolidated annual accounts

Financial reporting period

These annual accounts have been prepared for a reporting period of one year. The financial year of the company runs from 1 July up to and including 30 June of the following year.

Basis of preparation

The financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. The financial statements were prepared on 29 October 2024. The applied accounting policies are based on the historical cost convention.

Application of Section 402, Book 2 of the Netherlands Civil Code

The financial information of the company is included in the consolidated annual accounts. For this reason, in accordance with Section 402, Book 2 of the Netherlands Civil Code, the separate profit and loss account of the company exclusively states the share of the result of participating interests after tax and the general result after tax.

Going concern

The management team is constantly assessing the relevant information and risks in order to take the appropriate measures, if necessary. The management has learned, in recent years, that Royal HZPC Group B.V. is a very resilient company. We can weather the storms and keep pace with a market that is constantly changing. One of HZPC's 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. We are also expanding in America.

The financing that is available to us is enough to accommodate future, regular fluctuations and disruptions. The management team constantly monitors developments in turnover and costs in order to maintain an overview of liquidity developments. Analyses are also carried out on a regular basis so that additional measures can be taken in good time. On the basis of the management analyses, the current results and the company's financing position, the annual accounts have been drafted on the basis of an assumption of continuity. On the basis of the realised forecasts in September 2024, we expect to be compliant with the bank's covenants until at least October 2025.

The financing agreement runs until 6 March 2027 with an option of extending it twice by 1 year.

General valuation

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 reliably determined. 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. 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.

Revenues and expenses are allocated to the period to which they relate. Revenues are recorded when the company has transferred the significant risks and rewards of ownership of the seed potatoes and ware potatoes to the buyer.

Licences are considered as income when third parties have exercised the right to use the company's assets.

The annual accounts are presented in euros, the company's functional currency. All financial information is rounded in euros to the nearest thousand unless otherwise indicated.

Use of estimates

The preparation of the annual accounts requires the management 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.

The accounting policy on trade receivables is, in the opinion of the management, the most critical for the purpose of presenting the financial position and requires estimates and assumptions related to customer credit risk, which is dependent on the customer, the geographic region and economic circumstances.

Consolidation principles

The consolidated annual accounts include the financial data of the company and its group companies. Group companies are legal entities and companies in which dominant control is exercised. This will include financial instruments that carry potential voting rights if they have economic substance.

For an overview of the consolidated group companies, please refer to the Table of participating interests (page 68).

Newly acquired participating interests are included in the consolidation from the point in time at which a controlling interest can be exercised. Participating interests which have been disposed of are included in the consolidation up to the point in time when this interest ended. Joint ventures are not consolidated but valued at net asset value.

Notes to the consolidation method

The consolidated annual accounts include the financial data of the company and its group companies. Group companies are legal entities and companies in which dominant control is exercised. This will include financial instruments that carry potential voting rights if they have economic substance.

For an overview of the consolidated group companies, please refer to the Table of participating interests (page 68).

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Participating interests (direct and indirect) as of 30 June 2024

Royal HZPC Group B.V. in Joure, is the parent company of a group with the following participations:

HZPC SBA Europe B.V. with its participation:	
Consolidated:	**Interest:**
HZPC SBA Europe B.V. in Joure, the Netherlands	100%
HZPC Holland B.V., in Joure, the Netherlands	100%
ZOS B.V. in Leeuwarden, the Netherlands	100%
with its participation:	
ZOS WEHE B.V., in Wehe-den Hoorn, the Netherlands	100%
HZPC Belgium B.V., in Emmeloord, the Netherlands	100%
HZPC Deutschland GmbH, in Eydelstedt, Germany	100%
HZPC France SAS, in La Chapelle d'Armentieres, France	100%
with its participation:	
Fleur de Lys - SARL, in La Chapelle d'Armentieres, France	100%
HZPC Kantaperuna Oy, in Tyrnävä, Finland	100%
Patatas HZPC España S.L., in Torrent, Spain	100%
HZPC Portugal Lda, in Mira, Portugal	100%
HZPC UK Ltd., in Crowle Scunthorpe, United Kingdom	100%
with its participation:	
TLC Potatoes Ltd, in Banchory, United Kingdom	100%
HZPC Polska Sp. z o.o., in Poznan, Poland	100%
AO HZPC Sadokas, in Sint Petersburg, Russia	100%

HZPC SBDA B.V. with its participation:	
Consolidated:	**Interest:**
HZPC SBDA B.V. in Joure, the Netherlands	100%
Solentum B.V., in Joure, the Netherlands	100%
HZPC Americas Corp., in Charlottetown, Canada	100%
HZPC América Latina S.A., in Buenos Aires, Argentina	100%
Inner Mongolia HZPC Potato Science and Technology development Co. Ltd., in Duolun, China	100%
HZPC Ltd, te Hongkong, China	100%
HZPC China Ltd, in Hongkong, China	100%
with its participation:	
Beijing HZPC Agricultural consultancy Co. Ltd., in Beijing, China	100%
Non-consolidated:	
Mahindra HZPC Ltd., in Chandigarh, India	40,05%
Fries4all B.V., in Joure, the Netherlands	33%
Semillas SZ S.A., in Santiago, Chile	20%
La Flor Limitada S.A., in Santiago, Chile	20%
IPR B.V., in Joure, the Netherlands (consolidated)	**100%**
HZPC Research B.V., in Metslawier, the Netherlands (consolidated)	**100%**
STET Holland B.V. with its participation:	
Consolidated:	
STET Holland B.V., in Emmeloord, the Netherlands	100%
STET Potato UK Ltd., in Lincoln, United Kingdom	100%
STET France SARL, in Bapaume, France	100%
STET Rus LLC, in Moskou, Russia	100%
D.S.S. Opslag B.V., in Dronten, the Netherlands	100%
N.V. Breeders Trust, in Brussels, Belgium (non-consolidated)	**21,7%**

The HZPC Connecting Growers Foundation is part of the group and is 100% included in the consolidated figures. The capital interests are unchanged compared to the previous financial year. Inner Mongolia HZPC Potato Science and Technology DEvelopment Co. Ltd. is new established in 2023-2024. Hebei HZPC Potato Science and Technology Development Co. Ltd. June 18 2024 liquidated. Royal HZPC Group B.V. heeft aansprakelijkheidsstelling overeenkomstig artikel BW 2:403 afgegeven voor IPR B.V.

Transactions in foreign currencies

Transactions denominated in foreign currency are converted into the relevant functional currency of the group companies at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are converted at the balance sheet date into the functional currency at the exchange rate prevailing on that date.

The fluctuations in currency exchange rates that occur during the conversion and processing are recorded in the period in which they occur with the exception of the fluctuations in exchange rates on monetary items that form part of the net investment in a foreign operation. Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost are converted into euros at the prevailing exchange rates on the transaction date. Fluctuations that occur in the foreign currency rates during conversion are recorded as expenditure in the profit and loss account.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are converted into euros at the prevailing exchange rates on the balance sheet date. Income and expenses of foreign operations are converted into euros at the exchange rate applying on the transaction date.

Currency translation differences are recognised in the translation differences reserve. On disposal of business operations abroad, the relevant cumulative amount of translation differences recognised in equity is recognised in the income statement as part of the result on disposal.

Development of most important foreign exchange currencies

The development of the foreign exchange rate of the most important currencies:

EUR 1 t.ov. Foreign currency	Rate 30-06-2024	Average exchange rate	Rate 30-06-2023
Canadian Dollar	1,468	1,466	1,446
British Pound	0,849	0,859	0,861
Polish Zloty	4,317	4,444	4,437
American Dollar	1,074	1,082	1,092
Russian Rubel	91,799	99,795	96,966

Financial instruments

Financial instruments include primary financial instruments such as receivables, securities and payables, as well as financial derivatives.

Financial assets and financial liabilities are recognised in the balance sheet when contractual rights or obligations arise in respect of that instrument. A financial instrument is derecognised if a transaction results in all or substantially all rights to economic benefits and all or substantially all risks relating to the position being transferred to a third party. Financial instruments (and individual components of financial instruments) are presented in the consolidated financial statements in accordance with the substance of the contractual terms. Presentation is made on the basis of individual components of financial instruments as financial assets, financial liabilities or equity.

Financial and non-financial contracts may contain arrangements that meet the definition of derivatives. Such an arrangement is separated from the primary contract and accounted for as a derivative if its economic characteristics and risks are not closely related to those of the primary contract, a separate instrument with the same terms would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Embedded financial instruments that are not separated from the host contract are accounted for in accordance with the host contract.

Derivatives separated from the host contract are measured, in accordance with the accounting policy for derivatives to which no cost price hedge accounting is applied, at cost or lower fair value.

Financial instruments are initially recognised at fair value, with (dis)premium and directly attributable transaction costs included in the initial recognition. However, if financial instruments are measured at fair value through profit or loss on subsequent measurement, directly attributable transaction costs are recognised directly in profit or loss on initial measurement.

After initial recognition, financial instruments are measured as described below.

Interest rate cap and hedge accounting

The company uses 2 interest rate caps to hedge the risk of an increase in interest paid on bank credit.

The company applies cost hedge accounting based on individual documentation per interest rate cap. The interest rate cap is valued at cost and amortised over the term of the interest rate cap against interest expense.

At each balance sheet date, it is determined whether ineffectiveness exists or has occurred. If and to the extent that the ineffectiveness results in a loss on a cumulative basis on the balance sheet date, the ineffectiveness is recognised under interest expense in the income statement.

Financial instruments held for trading

If the company has acquired or is contracted to acquire financial instruments for the purpose of selling the instrument in the short term, it forms part of the trading book and after initial recognition, is valued at fair value and changes in the fair value are recorded in the profit and loss account.

Loans granted and other receivables

Loans and other receivables are valued at amortised cost after initial recognition on the basis of the effective interest method, less impairment losses.

Current liabilities and other financial obligations

Long-term and current liabilities and other financial obligations are carried at amortised cost on the basis of the effective interest method.

The repayment obligations for the coming year with respect to long-term debts shall be included under short-term debts.

Impairment of financial assets

A financial asset or a group of financial assets, is assessed at each reporting date to determine whether there is objective evidence that the asset is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset that have had a negative impact on the estimated future cash flows of that asset, and which can be reliably estimated.

Objective evidence that financial assets are subject to impairment includes non-compliance with payment obligations or payment default by a debtor, restructuring of an amount payable to the company under conditions that otherwise would not have been considered by the company, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

In addition, subjective and objective indicators of an impairment would be considered. Examples include the loss of active markets in the case of financial assets with a market listing, a reduction in the creditworthiness of the other party, i.e. the legal person or debtor of the issued instrument, or a reduction in the fair value of a financial asset to beneath the cost price or the amortised cost.

An impairment loss in respect of a financial asset valued at amortised cost is calculated as the difference between its book value and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recorded in the profit and loss account. Interest on a particular asset subject to impairment will continue to be accounted for via addition of interest from the asset with the original effective interest of the asset.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for de-recognition in the balance sheet, the transferred asset and the associated liability are not offset.

Accounting principles for evaluation assets and liabilities

Intangible fixed assets

The intangible fixed assets are valued against acquisition price or production price with reductions applied due to cumulative depreciations and impairment losses. The outlays following initial recording of an intangible fixed asset that has been purchased or produced are added to the acquisition or production price if it is probable that the outlays will lead to an increase in the future economic benefits and the outlays and the allocation to the asset can be reliably determined. If the conditions cannot be met, the outlays are recorded as costs in the profit and loss account.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the company’s interest in the net realisable value of the assets acquired (including transaction costs directly related to the acquisition) and the 'conditional' liabilities assumed at the transfer date, less cumulative amortisation and impairment losses.

Goodwill paid upon the acquisition of foreign group companies and subsidiaries is converted at the exchange rates on the date of the transaction. The capitalized goodwill is amortised on a linear basis over an estimated economic useful life of five years. Internally generated goodwill is not capitalised.

The amortisation rate for goodwill is 20%.

Development costs (software)

Development costs are capitalised to the extent that they relate to projects deemed commercially viable (software). The development of an intangible asset is deemed commercially viable if it is technically feasible to complete the asset, the company intends to complete the asset and then use it or sell it (including the availability of adequate technical, financial and other means of achieving this), the company has the ability to use or sell it actively, it is likely to generate future economic benefits and the expenditures during the development can be reliably determined.

The amortisation rate for development costs is 10.0% - 33.33%.

Development costs are valued at production cost, less accumulated amortisation and impairment losses. The manufacturing price mainly comprises cost of hiring consultants and the employee's salary costs. The capitalised costs are depreciated after the completion of the development phase (actively ready for commissioning) over the estimated useful life, which is 3 to 7 years. Depreciation takes place according to the linear method. The costs for development and other costs for research have been fully charged to the result in the period in which they are incurred. For the part of the capitalised development costs not yet written off, a legal reserve is created.

Tangible fixed assets

Land and buildings, machines and other fixed operating assets are stated at cost, less accumulated depreciation and impairment losses. The cost consists of the price of acquisition or manufacture, plus other costs that are necessary to get the assets to their location and condition for their intended use The cost of self-constructed assets includes the purchase cost of materials and consumables and other costs that can be directly attributed to the manufacturing.

Investment subsidies are deducted from the cost price of the assets to which the subsidies relate.

Depreciation is calculated as a percentage of the purchase value in accordance with the linear method on the basis of the economic lifespan while taking residual value into account. Depreciation does not take place on land and assets in progress. Depreciation starts at the moment that an asset is available for the intended use and it ends at the time at which use is discontinued or its disposal.

The following depreciation percentages are applied:

• Company buildings	4% - 20%
• Machines and equipment	10% - 33.3%
• Other fixed operating assets:	10% - 33.3%

Major maintenance costs are recognised in cost as soon as they arise and the capitalisation criteria are met. The carrying amount of the items to be replaced is then considered disinvested and charged to the income statement in a lump sum. All other maintenance costs are recognised directly in the income statement.

Participating interests with significant influence

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of net asset value. If valuation on the basis of the net asset value cannot take place as the information necessary for this cannot be obtained, the participation is valued according to the visible shareholders' equity.

In assessing whether the company has significant influence over the business and financial policies of a participating interest, all facts and circumstances and contractual relationships, including potential voting rights, are taken into account.

Participating interests where the company exercises joint control along with other participants, such as in joint ventures, are valued in the same way.

The net asset value is calculated on the basis of the company’s accounting policies. If the participating legal entity transfers an asset or a liability to a participation that is valued according to the equity method, the profit or loss resulting from this transfer is recorded pro-rata on the basis of the relative interest that third parties have in the participations (proportional determination of results). A loss that results from the transfer of current assets or a particular reduction in value of fixed assets is recorded completely. Results on transactions involving transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests are eliminated to the extent that these cannot be regarded as having been realised.

Participations with a negative net asset value are valued at zero and a share in the profit of the participation in later years is only recorded if and to the extent that the cumulative share that has not been recorded is entered in the loss. However, if the company fully or partially guarantees the debts of the relevant participating interest, or it has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the company on behalf of the participating interest. This provision is recognised primarily to the debit of the receivables on the respective participating interest and for the remainder, is presented under provisions.

Participating interests with no significant influence

Participations over which no meaningful control is exercised are valued on the basis of the acquisition price or lower recoverable value. If the situation involves a firm intention to sell, valuation occurs against the possible lower expected sale value. Results from transactions with and between associates valued at acquisition cost are recognised in full unless they are substantially unrealised. Dividends from participations which are valued on the basis of the acquisition price are recorded in the period in which they are declared as income from participations. Any profit or loss is recorded under financial income or expenses.

Other financial fixed assets

For the valuation of other financial fixed assets, reference is made to the principles under deferred taxes and financial instruments. Other securities are valued at amortised cost.

Impairment

For tangible and intangible fixed assets an assessment is made as of each balance sheet date as to whether there are indications that these assets are subject to impairment. If there are such indications, then the recoverable value of the asset is estimated. The recoverable value is the higher of the value in use and the net realisable value.

If it is not possible to determine the recoverable value of an individual asset, then the recoverable value of the cash flow generating unit to which the asset belongs is estimated.

If the book value of an asset (or a cash flow generating unit) is higher than the recoverable value, an impairment loss is recorded for the difference between the book value and the recoverable value. In the event of an impairment loss of a cash flow generating unit, the loss is first allocated to goodwill that has been allocated to the cash flow generating unit. Any remaining loss is allocated to the other assets of the unit in proportion to their carrying values.

In addition an assessment is made on each balance sheet date whether there is any indication that an impairment loss that was recorded in previous years has decreased. If there is such indication, then the recoverable value of the related asset (or cash flow generating unit) is estimated. Reversal of an impairment loss that was recorded in the past only takes place in the event of a change in the estimates used to determine the recoverable value since the recording of the last impairment loss. In such case, the book value of the asset (or cash flow generating unit) is increased up to the amount of the estimated recoverable value, but not higher than the carrying value that would have applied (after depreciation) if no impairment loss had been recorded in prior years for the asset (or cash flow generating unit).

An impairment loss for goodwill is not reversed in a subsequent period. Contrary to what is stated before, at each reporting date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

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

The recovery of an exceptional devaluation loss for a cash flow generating unit must be attributed to the book value of the assets, i.e. not goodwill, on a pro rata basis, based on the book value of the unit’s assets.

Losses are recorded in the profit and loss account. Interest on a particular asset subject to impairment will continue to be accounted for via addition of interest from the asset with the original effective interest of the asset.

Disposal of fixed assets

Fixed assets available for sale are stated at the lower of their book value and net realisable value.

Inventories

Inventories are valued at cost or lower realisable value. The cost price is made up of the acquisition price or production price with the addition of other costs connected with keeping the inventories at their present level and in their present condition. The realisable value is based on the most reliable estimate of the amount that the inventories are expected to yield.

Raw materials and consumables (packaging materials and components) are valued at the lower of cost price – determined in accordance with the first-in, first-out (FIFO) principle – and market value.

Inventories of finished product and mini-tubers which have been grown by the company itself, is valued at manufacturing price based on costs that are directly attributable to manufacturing. The main part of this is personnel expenses.

The valuation of stocks includes possible impairments that arise on the balance sheet date.

Receivables and securities

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading ‘Financial instruments’. The valuation of all individually significant receivables is assessed on an individual basis whether there are objective indications of impairment. For individually immaterial receivables, this assessment is made on an individual basis.

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. Cash and cash equivalents in foreign currency are converted into the reporting currency on the balance sheet date at the exchange rate applying on that date. Reference is made to the pricing principles for foreign currency.

Shareholders' equity

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

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.

Provisions

A provision is recorded in the balance sheet if the following applies:

- a legally enforceable or constructive obligation, arising from a past event;
- whereby a reliable estimate can be made;
- it is probable that an outflow of resources will be required to settle the obligation.

If all or part of the payments that are necessary to settle a provision are likely to be fully or partially compensated by a third party upon settlement of the provision, then the compensation amount is presented separately as an asset.

Pension and jubilee provisions

A provision for pension and for long service is included for the obligations based on pension administration regulations or similar commitments. The long-service provision is the provision for future long-service awards. The provision is recognised for the present value of the future long-service awards, which is calculated on the basis of the commitments made, the likelihood of the staff concerned remaining with the company, and their age.

See also the accounting principles wages and salaries and note 11 to the consolidated balance sheet.

Current liabilities

The valuation of current liabilities is explained under the heading ‘Financial instruments’.

Revenue recognition

Sales of seed potatoes and ware potatoes

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from the sale of potatoes is processed in the profit and loss account when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the payment due is probable, the associated costs and possible return of the potatoes can be estimated reliably, and there is no continuing involvement with the potatoes.

The transfer of risks and benefits varies according to the conditions of the relevant sales contract.

Services

Revenue from the rendering of services is recorded in the net turnover at the fair value of the consideration received or receivable following deduction of concessions and reductions. These revenues are recorded in the profit and loss account when the revenue amount can be determined in a reliable manner, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably.

Licenses

Licences are paid when third parties have exercised the right to use the company’s assets, such as varieties developed by the company. If the group acts on behalf of varieties developed by third parties, the net operating income is included after the deduction of the payments to these third parties as the Company does not bear the customer credit risk on these licences. Turnover is recorded if the scope of the payment to be received can be reliably determined and the collection of it is probable.

Grants

Government grants are initially recorded in the balance sheet as deferred income when there is reasonable assurance that they will be received and there will be full compliance with the conditions associated with them. Grants that offset incurred costs are recorded as income in the profit and loss account on a systematic basis in the same period in which the costs are incurred. Government grants to offset the costs of an asset are deducted from the cost price of the asset and therefore systematically recorded in the profit and loss account over the useful life of the asset.

Costs of outsourced work and other external costs

This concerns costs that are directly attributable to net turnover such as cost of trade goods, services, transport, loading and packaging.

Personnel expenses

Personnel remuneration is recorded as an expense in the profit and loss account in the period in which the services are provided and, to the extent not already paid, recorded as a liability on the balance sheet. If the amounts already paid exceed the compensation payable, the excess is recorded as a current asset to the extent that there will be reimbursed by the staff or by set-off against future payments by the company.

An expected compensation due to profit sharing and bonus payments are recognized when the obligation to pay that fee has arisen can be made on or before the balance sheet date and a reliable estimate of the liabilities.

For rewards with building rights, profit sharing and bonuses of the projected costs are taken into account during the service. A liability is recorded on the balance sheet date.

The recognised obligation relates to the best estimate of the amounts required to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective bargaining agreements and individual employment contracts). Additions to and releases of liabilities are charged or credited to the profit and loss account.

Dutch Pension scheme

The pension commitments are placed with a pension fund. The scheme is financed under the Dutch pension system via contributions to an industry pension fund.

The pension obligations are valued according to the ‘obligation to the pension provider approach’. In this approach, the premium payable to the pension provider is accounted for as a liability in the profit and loss account. Based on the implementation agreement, it is assessed whether and, if so, what obligations exist in addition to the payment of the annual pension payable to the pension provider on the balance sheet date.

These additional obligations, including any obligations arising from the pension provider's recovery plans, result in charges for the group and are recorded in the balance sheet in a provision. The recorded liability relates to the best estimate of the amounts required to settle it by the balance sheet date. If the effect of the time value of money is material, the liability is valued at the present value. Discounting takes place on the basis of interest rates of high-quality corporate bonds. Additions to, and releases of, liabilities are charged or credited to the profit and loss account. At the end of the financial year 2023/2024 there were no pension claims and no liabilities for the group in addition to the payment of the annual pension payable to the pension provider.

The accrual of pension entitlements is always financed by means of (as a minimum) cost-cutting premium payments in the relevant calendar year. The pension scheme is a middleman scheme for both active and inactive participants (deferred pensioners and pensioners) – conditional supplement. The supplement depends on the investment return.

The annual pension entitlement accrual is 1.78% (2023: 1.58%)of the pensionable salary based on gross salary minus a EUR 15,816 deductible (2023: EUR 15,202). The pensionable salary is capped at EUR 71,628 (2023: EUR 66,956).

The annual contribution payable by the employer is 100% of pensionable salary. The amount of the contribution is determined annually by the board of the industry pension fund on the basis of the coverage ratio and expected returns.

The coverage ratio of the relevant industry pension fund as of June 30, 2024, according to the fund's statement, is 120%. On based on the implementing regulations, in the event of a deficit in the fund, the group has no obligation to pay additional contributions other than through higher future contributions.

In addition to the basic pension plan, there is also a surplus pension plan based on a defined contribution plan.

Foreign pension plans

Pension plans that are comparable in design and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (company, fund and members), are recorded and measured in accordance with Dutch pension plans (see previous section). For these foreign schemes a best estimate of the existing pension liability is made as of the balance sheet date. This estimate is mainly based on annual salary and seniority of employees. This commitment should then be stated on the basis of an actuarial valuation principle generally accepted in the Netherlands.

Leasing

The Company may enter into financial and operating leases. A lease contract where the risks and rewards associated with ownership of the leased property are transferred substantially or wholly to the lessee, is referred to as a financial lease. All other lease contracts are classified as operational leases.

In classifying leases, the economic reality of the transaction is decisive rather than its legal form. If the Company acts as lessee in an operating lease, then the leased property is not capitalised. Lease payments regarding operating leases are charged to the profit and loss account on a linear basis over the lease period.

The company only has operational lease agreements.

Interest income and charges

Interest income is recorded in the profit and loss account on an accrual basis, using the effective interest rate method. Interest charges and similar charges are accounted for in the period to which they refer.

Corporate income tax

Corporate income taxes include the tax on profit and deferred tax due and payable for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

If the carrying values of assets and liabilities for financial reporting purposes differ from their values for tax purposes, this results in temporary differences. A provision for deferred tax liabilities is recognised for taxable temporary differences.

For deductible temporary differences, unused loss carry forwards and unused tax credits, a deferred tax asset is recognised, but only in so far as it is probable that taxable profits will be available in the future for offset or compensation. Deferred tax assets are reviewed on each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is recognised unless the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is only recognised in so far as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference. The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are stated at nominal value.

Share in result of participating interests

The share in the result of participating interests consists of the share of the group in the results of these participating interests, determined on the basis of the accounting principles of the group. Gains or losses on transactions involving the transfer of assets and liabilities between the company and its non-consolidated participating interests or between non-consolidated participating interests themselves have not been recorded to the extent that they cannot be regarded as realised. The results of participating interests acquired or sold during the financial year are recorded in the group result from the date of acquisition or until the date of sale respectively.

Cash flow statement

The cash flow statement has been prepared on the basis of the indirect method. Cash flows in foreign currencies have been converted to euros using the weighted average conversion rates for the relevant periods.

The cash in the cash flow statement consists of the cash and cash equivalents and investments that can be converted into cash without restrictions and without material risk of impairment as a result of the transaction.

Cash flows in foreign currencies have been converted at an estimated weighted average exchange rate for the reporting period/the exchange rate on the date on which the transactions took place. Currency exchange differences are shown separately in the cash flow statement.

Interest income and expenses, dividends received and income taxes are included in the cash flow from operating activities. Dividends paid are included in the cash flow from financing activities.

The acquisition price of the acquired group company is included in the cash flow from investing activities, insofar as payment has been made in cash. The cash available in the acquired group company has been deducted from the purchase price.

Transactions in which no exchange of cash takes place, including financial leases, are not included in the cash flow statement. The payment of the lease installments under the finance lease contract has been classified as an expense from financing activities for the part relating to the redemption and as an expense from operating activities for the part relating to the interest.

Cash flows from financial derivatives that are accounted for as fair value hedges or cash flow hedges are classified in the same category as the cash flows from the hedged balance sheet items. Cash flows from financial derivatives where hedge accounting is no longer applied are classified consistently with the nature of the instrument, from the date on which hedge accounting is discontinued.

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 which provide further information about the actual situation as of the balance date and that appear before the financial statements are being prepared, are recoginsed 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 relevent 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 consolidated balance sheet

1. Intangible fixed assets

The composition and movement for intangible fixed assets for the year 2023/2024 is as follows:

	Research and development costs	Goodwill	Intangible fixed assets under construction	Total 2023/2024
Purchase value	2.868	6.943	3.755	13.566
Cumulative depreciation	-2.639	-6.748	0	-9.387
Book value as per 1 July	**229**	**195**	**3.755**	**4.179**
Investments	0	0	5.833	5.833
Disposals	0	3	0	3
Depreciation	-225	-39	0	-264
Movements	**-225**	**-36**	**5.833**	**5.572**
Purchase value	2.868	6.946	9.588	19.402
Cumulative depreciation	-2.864	-6.787	0	-9.651
Book value as per 30 June	**4**	**159**	**9.588**	**9.751**

Investment in ‘intangible fixed assets in progress' relates to the development of a new ERP system. The research phase was completed on 1 July 2022. The development phase started on 1 July 2023 has been extended by 1 year and is expected to continue until June 2026. A specific project organisation was set up for this development and an integration partner and other parties were contracted on a multi-year basis to successfully complete the programme. Based on the current estimate, we expect total expenditure on this programme to be EUR 22.0 million, of which EUR 16.9 million qualifies as investment in ‘intangible fixed assets in progress'.

Inherent to the size and complexity of this development programme, there is a risk that the development will take longer than planned and/or the costs will deviate from the estimate. In the last financial year, there was a backlog compared to the original programme schedule. The accumulated backlog led to the postponement of the planned phased commissioning by 1 year. The scope of the programme is unchanged.

It is expected that significant parts of the investment in ‘intangible fixed assets in progress' will start depreciating in FY2024/2025 over an estimated economic lifespan of 10 years. When estimating the economic lifespan, the factors considered included the speed of technical developments, the duration of contracts with software suppliers and the time required to develop a new ERP system.

An amount of EUR 2.3 million is included in investments as capitalisation of own hours. The hours were spent developing the ERP system.

2. Tangible fixed assets

The composition and movement for tangible fixed assets for the year 2023/2024 is as follows:

	Company buildings and land	Plant and equipment	Other fixed operating assets	Operating assets under construction	Total 2023/2024
Purchase value	44.387	20.877	3.263	2.776	71.303
Cumulative depreciation	-25.514	-16.071	-2.442	0	-44.027
Book value as per 1 July	**18.873**	**4.806**	**821**	**2.776**	**27.276**
Investments	637	1.432	283	2	2.354
Investment subsidies	0	-124	0	0	-124
Reclassification and exchange differences	208	-222	37	0	23
Commissioning	2.654	121	0	-2.775	0
Disposals	-4	-63	-171	0	-238
Depreciation disposals	4	40	173	0	217
Depreciation	-1.135	-1.100	-344	0	-2.579
Movements	**2.364**	**84**	**-22**	**-2.773**	**-347**
Purchase value	47.882	22.021	3.412	3	73.318
Cumulative depreciation	-26.645	-17.131	-2.613	0	-46.389
Book value as per 30 June	**21.237**	**4.890**	**799**	**3**	**26.929**

3. Financial fixed assets

The composition and movement of financial fixed assets for the year 2023/2024 is as follows:

	Participating interests	Other securities	Deferred tax assets	Other receivables	Total 2023/2024
Book value as per 1 July	**1.942**	**25**	**2.286**	**736**	**4.989**
Investments/increase	5	0	0	829	834
Results from participating interests	626	0	0	0	626
Impairments/repayments	0	0	0	-181	-181
Dividend received	-103	0	0	0	-103
Exchange rate flucuations	-319	0	0	0	-319
Other mutations	331	-1	-149	13	194
Movements	**540**	**-1**	**-149**	**661**	**1051**
Book value as per 30 June	**2.482**	**24**	**2.137**	**1.397**	**6.040**

Participating interests

These are participating interests that are not consolidated due to minority interests. For a summary of the consolidated group companies, refer to the Table of participations (pages 84 and 85).

Other securities

Other securities refers to securities that are intended to be held long-term. The market value of the different classes of other securities approximates the carrying value of EUR 24 thousand.

Deferred taxes

Deferred taxes relates to deductible temporary differences including tangible fixed assets. Of these assets, a limited amount is expected to be realised within one year.

Other receivables

The other receivables relates to loans granted to personnel with an amount of EUR 3 thousand (2022/2023 EUR 3 thousand) with an average maturity of 5 years and an interest rate of 4%.

This post also includes two interest rate caps to hedge the interest rate risk on working capital financing. The first cap runs until May 2028, has a nominal amount of EUR 15 million, a cap rate of 2%, a present value at 30 June 2024 of EUR 370 thousand and a book value of EUR 144 thousand. The second cap runs until March 2033, has a nominal amount of EUR 15 million, a cap rate of 5%, a present value at 30 June 2024 of EUR 208 thousand and a book value of EUR 438 thousand.

This post also includes capitalized financing costs of the new credit financing which are amortized over 36 months.

4. Inventories

	30-Jun-24	30-Jun-23
Packaging	1.380	1.507
Finished products	833	564
Prepayments on stock	287	323
	2.500	**2.394**

The stock of finished products mainly consists of self-developed mini-tubers which will be used again next season. No provision for obsolescence is required.

Trade and other receivables

5. Trade receivables

	30-Jun-24	30-Jun-23
Amortized cost of outstanding receivables	49.516	65.136
Less: Allowance for doubtful debts	-6.694	-4.616
	42.822	**60.520**

The nominal value of trade receivables is EUR 49,946 thousand. The trade receivables does not include an amount with a remaining term of more than 1 year which are not unforeseen.

6. Accounts receivables from participating interests

The amounts refer to participating interests with significant influence. The remaining term is shorter than one year and free from interest.

7. Taxes, contributions and social insurances

	30-Jun-24	30-Jun-23
Sales tax	6.840	7.839
Corporate income tax	487	693
Other taxes and premiums	10	66
	7.337	**8.598**

8. Other receivables and accrued assets

	30-Jun-24	30-Jun-23
Licences to be claimed	6.730	6.471
Prepaid expenses	2.702	2.596
Turnover to be invoiced	112	267
Health insurance premium	24	96
Government grants	1.051	1.138
Receivable on growers	10	66
Operating result pool	653	257
Other amounts	363	1.257
	11.645	**12.148**

The item ‘operating result pool’ concerns the receivable STET Holland B.V. have on their growers and is the difference between the direct costs of the seed potatoes grown in pool and the income received in return. The differences are added to the exploitation of the pool in the next financial year.

The other receivables and accrued income contain no amounts with a term longer than 1 year.

9. Cash and cash equivalents

	30-Jun-24	30-Jun-23
Cash	0	2
Bank account current	15.444	16.600
	15.444	**16.602**

The full balance is available immediately. No bank guarantees have been issued.

10. Group equity

For an explanation of the group equity, refer to the notes on equity in the company financial statement. The share of third parties in the group equity is nil.

11. Provisions

The composition and the movement of the provisions in the 2023/2024 financial year are as follows:

	Pensions	Provision for risks of claims, conflicts and legal proceedings	Other provisions	Total
Book value as per 1 July	**216**	**220**	**457**	**893**
Addition	35	0	51	86
Withdrawal	-22	-220	-42	-284
Book value as per 30 june	**229**	**0**	**466**	**695**

Pensions

The full amount of the pension provision is long-term. The pension provision relates to employees abroad. They have plans that are not comparable to the way in which the Dutch pension system is organised and functions. For these foreign schemes a best estimate of the existing pension liability is made as of the balance sheet date.

Provision for risks of claims, disputes and litigation

Provision for risks of claims, disputes and litigation is long-term. Two claims were filed against the company or a group company, as the case may be. Both claims relate to a similar set of facts and one of the two claims was dismissed in first instance. Nevertheless, the outcome of these proceedings cannot be given with certainty. In view of this rejection in first instance and the advice obtained, the risk of these claims filed is classified as limited.

Other provisions

The other provision relates to jubilee liabilities is calculated on the basis of a 4% discount rate and taking the expected turnover in personnel into account. Of the amount, EUR 71 thousand has a term of less than 1 year and EUR 229 thousand has a term of more than 5 years.

Current liabilities

12. Debts to credit institutions

Credit facility

The company entered into a new financing agreement as per 6 March 2024. Participating banks and their proportionate participation are ING Bank N.V. (EUR 40 million), Commerzbank A.G. (EUR 30 million) and Credit Industriel et Commercial (EUR 20 million). ING Bank N.V. is acting as agent.

The financing agreement consists of a revolving current account facility of EUR 30 million and a seasonal facility of EUR 60 million. The seasonal facility is available from 1 October to 31 July. The interest rate is 1-month Euribor plus 1.3%. The financing agreement was concluded for the duration of 3 years with an option to extend twice for 1 year.

The EUR 90 million will help support existing operations and investments for the future. With respect to the agreement, the following collaterals have been provided in the form of:

First mortgage on the property and a first right of distraint (pledge of accounts receivable) of IPR B.V., HZPC Research B.V., Royal HZPC Group B.V., HZPC Holland B.V., HZPC SBDA B.V., HZPC SBA Europe B.V., ZOS B.V. and STET Holland B.V.

Covenants

Attached to the agreement are the following covenants and cover ratios at Royal HZPC Group B.V. level:

- Solvency ratio 37,5%
- Leverage ratio <4
- Minimum EBITDA of EUR 8 million 23/24 and EUR 10 million the following years
- Assets Cover 70%
- Turnover Cover 70%
- EBITDA Cover 70%

Royal HZPC Group B.V. has agreed the following definitions of covenants with its banks:

Solvency ratio: Adjusted capital/adjusted balance sheet total
Assets Cover: Assets of selected companies /consolidated assets
Turnover Cover: Turnover of selected companies /consolidated turnover
EBITDA Cover: EBITDA of selected companies /consolidated EBITDA
Leverage ratio: Net debt of selected companies / consolidated EBITDA

The measurement point is 30 June of the financial year.

	Solvency ratio	Leverage ratio	Assets Cover	Turnover Cover	EBITDA Cover
For the term	> 35%	<4	> 70%	> 70%	> 70%
30-Jun-2024	43%	1,7	74%	80%	81%

13. Taxes, contributions and social insurances

	30-Jun-24	30-Jun-23
Corporate income tax to be paid	943	832
Corporate sales tax to be paid	511	400
Payroll tax and social insurances	1545	684
Other taxes and premiums	190	124
	3.189	**2.040**

Other tax and contributions and social security items contain no amounts with a term longer than one year.

14. Other debts and accrued liabilities

	30-Jun-24	30-Jun-23
Licenses to be paid	1.384	1.323
Wages and salaries to be paid	1.514	1.322
Pension contributions	739	727
Holiday allowances	2.133	2.388
Product-related costs	4.397	4.372
Growers	159	0
Operating result pool	153	1.493
Other amounts	2.902	3.059
	13.381	**14.684**

The item ‘operating result pool’ concerns the payable HZPC Holland B.V. have on their growers and is the difference between the direct costs of the seed potatoes grown in pool and the income received in return. The differences are added to the exploitation of the pool in the next financial year.

Other debts and accrued liabilities contain no amounts with a term longer than 1 year.

Financial instruments

In the normal course of business, the company uses financial instruments that expose the company to market, currency, interest rate, credit and liquidity risks. To manage these risks, the company has developed a policy, including the establishment of a system of credit limits and procedures to reduce the risks of unpredictable adverse developments in financial markets and thus the financial performance of the company.

Credit risk

The company incurs credit risk on loans and receivables recorded under financial fixed assets, trade and other receivables and cash. The maximum credit risk facing the company amounted to EUR 84 million.

Exposure to credit risk of the company is primarily determined by the individual characteristics of each customer. In addition, management also considers the demographics of the customer base, including the default risk of the country in which customers operate, as these factors, particularly in the current deteriorating economic conditions, have an influence on the credit risk.

Due to the unrest in the Middle East, the credit risk in this region is high. The company has taken the following measures to limit credit risk:

- Safeguards measures such as advance payments, Letters of Credit and bank guarantees are used regularly;
- Credit limits are actively monitored throughout the season;
- New deliveries for the new season are rarely permitted until debts from the previous season have been paid.

Currency risk

As a result of its international activities, arising from receivables and debts recorded in the balance sheet, net investments in foreign companies and future transactions, the company is exposed to a currency risk in relation to the Russian Rouble, US Dollars, and Canadian Dollars in particular.

On 30 June 2024 the net exposure was converted into EUR at the spot rate on the balance sheet date as follows:

x 1.000	ASSETS Local Currency	Rate VV/€	ASSETS in €	LIABILITIES Local Currency	LIABILITIES in €
USD	1.818	1,074	1.694	0	0
GBP	8.372	0,849	9.864	5.285	6.227
PLN	16.179	4,317	3.748	11.158	2.585
CAD	6.865	1,468	4.677	4.790	3.263
ARS	876.913	975,593	899	325.858	334
RUB	501.398	91,799	5.462	353.761	3.854
CNY	2.239	7,801	287	4.953	635
HKD	0	8,383	0	3.181	379
Totaal			**26.631**		**17.278**

The company policy is to not take positions to hedge future cash flows or the debts and/or receivables on the balance sheet.

Liquidity risk

The company monitors its liquidity position by means of successive liquidity budgets. Management ensures that sufficient liquidity is available to meet the obligations. The company runs liquidity risks with respect to the interest on the credit facility. Two interest rate caps have been implemented to cover the interest rate risk on the credit facility. The conditions of hedge accounting are fulfilled, whereby the hedge relationship is processed in accordance with the rules of cost price hedge accounting.

The company ensures that there is adequate available credit to cover the expected operational costs, including fulfilling the financial obligations. This takes no account of any effects from extreme conditions that could not reasonably have been foreseen, such as natural disasters. The company also has the following credit facilities:

- Ongoing facility of EUR 30 million. The interest payable is 1-month Euribor + 1.3%.
- Seasonal facility of EUR 60 million from 1 October to 30 June of the following year. The interest payable is 1-month Euribor + 1.3%.

Interest risk

The company runs interest rate risk on the interest-bearing receivables and debts. A variable interest rate agreement has been agreed on both these receivables and debts, as a result of which the company runs a risk with regard to future cash flows. In order to limit the interest risk on the credit facility, two interest rate caps have been agreed as a mitigating measure.

If the rate were to rise by 1% as of 30 June, with all other variables staying constant, the interest payable on an annual basis would increase by around EUR 400 thousand.

To cover the interest rate risk, a rate cap of 2% on EUR 15 million has been concluded; this runs until 2028 and a second rate cap of 5% on EUR 15 million runs until April 2033.

Off-balance sheet assets and liabilities

Overall liabilities amount to EUR 6.3 million. These include:

- Operating lease commitments and rentals for an amount of EUR 5.4 million. Of this amount, EUR 2.2 million has a term of less than 1 year. The remainder is an obligation for less than five years. The profit and loss account for financial year 2023-2024 includes EUR 3.5 million for lease and rental costs.
- The investment commitment under the implementation of an ERP system equates to an amount of EUR 0.8 million. This amount has a full term of less than 1 year.
- Several claims have been filed against the company and/or group companies, against the Challenger variety for example, which are contested by it/them. The company has also submitted a claim for the unlawful growing and processing of HZPC varieties. Although the outcome of these disputes cannot be predicted with certainty, it is assumed – partly on the basis of legal advice received – that it will not have any significant adverse or positive impact on the consolidated position.
- Royal HZPC Group B.V. received a positive ruling on an international arbitration case on IP rights in China in 2021/2022. The other party was ordered to pay a significant amount of damages. The ruling is yet to be confirmed by court in China. For this reason, it has not yet been recognised as a receivable in the annual accounts.

Notes to the consolidated profit and loss statement

15. Net revenue

Net revenue can be specified as follows in accordance with important yield categories:

	2023/2024	2022/2023
Seed potatoes	362.648	373.476
Licenses	25.381	24.505
Services	1.480	6.781
Ware potatoes	23.899	15.600
Other	1.450	495
	414.858	**420.857**

The following overview is provided for the net revenue/percentage spread over the sales areas:

	2023/2024		2022/2023	
	EUR	%	EUR	%
The Netherlands	80.827	19	68.036	18
Other E.U. countries	181.629	44	168.400	42
Other European countries	35.114	8	42.948	2
Outside Europe	117.288	28	141.473	38
	414.858	**100**	**420.857**	**100**

16. Other operating income

Other income includes revenue from sales of other products and services, grant income and realized results on property sales.

17. Personnel expenses

	2023/2024	2022/2023
Personnel expenses	24.489	21.953
Social security costs	4.363	3.777
Pension costs	3.234	2.959
	32.086	**28.689**

For the Dutch employees of HZPC Holland B.V. and ZOS, personnel costs include the provision of HZPC share certificates.

Number of employees

During the financial year, the average number of employees at Royal HZPC Group B.V. and its subsidiaries was 389 FTE, of which 272 FTE are employed in the Netherlands (previous financial year 403 FTE, of which 306 FTE were employed in the Netherlands).

Specification number of FTE's

	2023/2024	2022/2023
Management, administration and IT	94	108
Commerce and communication	84	56
Purchasing and logistic planning	111	122
Storage, grading and transport	24	31
Research	76	86
	389	**403**

18. Other operating expenses

	2023/2024	2022/2023
Sales costs	7.690	7.992
Office costs	3.842	3.848
Staff relates costs	6.751	6.294
Repair and maintenance	2.407	2.234
Other costs	6.719	7.843
	27.409	**28.211**

The cost of sales includes EUR 1.4 million (2022/2023 EUR 1.1 million) for Connecting Growers. Other costs consist of taxes, insurance, energy and various costs for the purpose of Research & Development.

19. Interest receivable and similar income

	2023/2024	2022/2023
Debtors	256	36
Received interest R/C	266	50
Currency differences	189	-1
Other	5018	424
	5.729	**509**

The other interest received amounting to 5.0 million (EUR 2022/2023) relates to the valuation of receivables at amortized cost using the effective interest method.

20. Interest payable and similar charges

	2023/2024	2022/2023
Disconto	-203	-72
Interest R/C banks	-2.908	-1.660
Currency differences	-575	-1.359
Other	-832	-742
	-4.518	**-3.833**

Argentina is experiencing hyperinflation and as a result we recognized exchange rate losses of EUR 0.5 million in last financial year. Local conditions remain difficult and we do not expect an improvement in the short term, which means we will continue to face currency risk in the coming year in relation to our group company and its operations in Argentina.

21. Corporate income tax

	2023/2024	2022/2023
Applicable tax rate in The Netherlands	25,8%	25,8%
Foreign effect	0,2%	-1,8%
Non-deductible amounts	-9,9%	0,2%
Other	19,6%	4,6%
Effective pressure	**35,7%**	**28,8%**

The company forms a fiscal unit for corporation tax together with HZPC Holland B.V., STET Holland B.V., HZPC Belgium B.V., ZOS B.V., ZOS WEHE B.V., HZPC SBDA B.V., HZPC SBA Europe B.V., HZPC Research B.V., IPR B.V. and Solentum B.V. The corporate income tax is included in each of the companies for the part that the company concerned would be due at a nominal rate, not taking into account any tax facilities applicable for the company.

The effective tax rate is 35.6% (2022/2023: 28.8%). For the Dutch companies, an effective rate of 42.7% applies. Change in effective tax burden is mainly explained by agreement with the tax authorities on uncertain tax positions in previous years. This financial year, agreement was reached on ongoing uncertain positions.

For the foreign companies, an average tax rate of 28.8% applies (2022/2023: 21.9%), which is influenced by a lower normative tax burden in certain countries.

Other explanatory notes

Transaction with related parties

Transactions with related parties occur when a relationship exists between the company, its participating interests and their managers and directors. This includes the relationships between the company and its participating interests, the shareholders, the directors and key management personnel. Other transactions are to be understood as a transfer of resources, services or obligations, regardless of whether a sum is charged. There were no transactions with related parties that were not on a commercial basis.

Auditor's fees

The following fees were charged by the auditors to the company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a (1) and (2) of the Netherlands Civil Code. EY Accountants B.V. (former: Ernst & Young Accountants LLP) is responsible for the audit of the Royal HZPC Group B.V. annual accounts. Auditor’s fees have been recognised based on the agreed fee. Subsequent costs are processed at the time of invoicing.

	2023/2024	2022/2023
Expenses in the year:		
Audit of the financial statements, the Netherlands (EY Accountants B.V.)	511	350
Other non-audit services (EY Expertises & Transactions SAS)	92	0
Auditor's fees	**603**	**350**

Remuneration of managing and supervisory directors

Refer you to the notes to the separate company financial statement on page 127.

Subsequent events to the consolidated financial statements

In September 2023, Royal HZPC Group B.V. was targeted by a form of cybercrime. A large amount of money was transferred by criminals to their bank account. It is now known that the amount is in a blocked bank account and thus out of the hands of criminals. Due to the progress of the initiated investigation, the amount has not yet been transferred back to our bank account and is therefore not currently at our free disposal.

Participation Fleur De Lys Sarl. (100%) has been liquidated as of July 25, 2024. The liquidation has no substantial financial consequences for Royal HZPC GRoup B.V. and/or affiliated companies.

Participation STET Rus LLC (100%) was liquidated as of August 9, 2024. The liquidation has no material financial consequences for Royal HZPC GRoup B.V. and or associated companies.

Company balance sheet

Company balance sheet as of 30 June (after profit appropriation)

Assets

(x EUR 1.000)

	Notes	30-Jun-24	30-Jun-23
FIXED ASSETS			
Intangible fixed assets	**22**		
Research and developments costs		0	13
Intangible fixed assets under construction		9.588	3.755
		9.588	**3.768**
Tangible fixed assets	**23**		
Company buildings and land		16.094	13.736
Other fixed assets		231	138
Operating assets under construction		0	2.654
		16.325	**16.528**
Financial fixed assets	**24**		
Participating interests in group companies		70.355	58.236
Accounts receivables from group companies		1.664	1.664
Other participating interests		8	8
Other securities		24	24
Deferred tax assets		2.020	1.916
Other receivables		1.319	672
		75.390	**62.520**
TOTAL FIXED ASSETS		**101.303**	**82.815**
CURRENT ASSETS			
Receivables			
Group companies		16.818	30.028
Trade debtors		8	8
Taxes and premiums		624	1.053
Other receivables and accrued assets	**25**	491	467
		17.941	**31.556**

	Notes	30-Jun-24	30-Jun-23
Cash and cash equivalents		**2.048**	**126**
TOTAL CURRENT ASSETS		**19.989**	**31.682**
TOTAL ASSETS		**121.292**	**114.497**

Liabilities

(x EUR 1.000)

	Notes	30-Jun-24		30-Jun-23
Shareholders' equity	**26**			
Issued capital		15.675	15.675	
Share premium reserve		1.433	1.433	
Legal reserves for participating interests		2.460	2.231	
Legal reserve for development costs		9.593	3.985	
Foreign currency translation reserve		-1.758	-1.559	
Other reserves		27.298	32.531	
			54.701	**54.296**
Provisions	**27**		**107**	**89**
Current liabilities				
Debts to group companies		29.006	7.045	
Debts to suppliers		443	1.187	
Payables to participating interests and companies in which there is a participation		306	306	
Dividend to be paid		4.075	4.702	
Debts to credit institutions		30.000	45.028	
Taxes and premiums	**28**	433	283	
Other debts and accrued liabilities	**29**	2.221	1.560	
			66.484	**60.112**
TOTAL LIABILITIES			**121.292**	**114.497**

Company profit and loss statement for the period 1 July 2023 to 30 June 2024

	Notes	2023/2024	2022/2023
Share in result of participating interests after tax	**30**	11.304	9.211
Other result after tax	**31**	-6.646	-3.247
Net result		**4.658**	**5.964**

Notes to the company financial statements

General

The company financial statements are part of the 2023/2024 financial statements of the company. With regard to the company profit and loss account, the exemption pursuant to Article 2:402 of the Dutch Civil Code has been used

In so far as no further explanation is provided of items in the separate company balance sheet and the separate company profit and loss account, please refer to the notes to the consolidated balance sheet and profit and loss account.

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

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated balance sheet and profit and loss account, with the exception of the principles stated below.

Participating interests in group companies

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

Provision for participating interests

The provision is formed for the amount of the expected payments for the account of the company on behalf of the participating interests. Valuation of the provision is made at present value, if the effect of time value is material.

Result of participating interests

The share in the result of companies in which a participation is taken concerns the company’s share in the results of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recorded.

Notes to the company balance sheet

22. Intangible assets

The composition and movement of intangible fixed assets in the financial year 2023/2024 were as follows:

	Research and development costs	Intangible fixed assets under construction	Total 2023/2024
Purchase value	1.139	3.755	4.894
Cumulative depreciation	-1.126	0	-1.126
Book value as per 1 July	**13**	**3.755**	**3.768**
Investments	0	5.833	5.833
Depreciation	-13	0	-13
Movements	**-13**	**5.833**	**5.820**
Purchase value	1.139	9.588	10.727
Cumulative depreciation	-1.139	0	-1.139
Book value as per 30 June	**0**	**9.588**	**9.588**

Investment ERP system including capitalisation of own hours EUR 2.3 million (2022/2023 EUR 1.2 million). For notes on 'intangible fixed assets in progress', please refer to page 101.

23. Tangible fixed assets

The composition and movement of tangible fixed assets for the year 2023/2024 is as follows:

	Company buildings	Operating assets under construction	Assets under in progress	Total 2023/2024
Purchase value	29.596	1.060	2.654	33.310
Cumulative depreciation	-15.860	-922	0	-16.782
Book value as per 1 July	**13.736**	**138**	**2.654**	**16.528**
Investments	487	183	0	670
Commissioning	2.654	0	-2.654	0
Depreciation	-783	-90	0	-873
Balance	**2.358**	**93**	**-2.654**	**-203**
Purchase value	32.737	1.243	0	33.980
Cumulative depreciation	-16.643	-1.012	0	-17.655
Book value as per 30 June	**16.094**	**231**	**0**	**16.325**

24. Financial fixed assets

The composition and movement of financial fixed assets for the year 2023/2024 is as follows:

	Participating interests in group companies	Accounts receivable from group companies	Other participating interests	Deferred tax assets	Other securities	Other receivables	Total 2022/2023
Book value as per 1 July	**58.236**	**1.664**	**8**	**1.916**	**24**	**672**	**62.520**
Investments/increase	0	0	0	0	0	829	829
Result from participating interests	11.959	0	0	0	0	0	11.959
Exchange rate fluctuation	138	0	0	0	0	0	138
Depreciation	0	0	0	0	0	-182	-182
Other	22	0	0	104	0	0	126
Book value as per 30 June	**70.355**	**1.664**	**8**	**2.020**	**24**	**1.319**	**75.390**

The negative result of associates with negative equity EUR 4.5 million has been deducted from receivables from group companies, included in current assets.

Accounts receivable from group companies have a duration of an indefinite period. Interest of 2.5% is charged on the receivable.

25. Other receivables and accrued assets

	30-Jun-24	30-Jun-23
Prepaid amounts	477	380
Government grants to be claimed	12	8
Other accrues	2	79
Status as of 30 June	**491**	**467**

The composition and the movement of shareholders' equity in the financial year 2023/2024 are shown in the following overview:

26. Shareholders' equity

The composition and movement per category for shareholders' equity for the year 2023/2024 is as follows:

	Issued capital	Share premium reserve	Legal reserves for participating interests	Legal reserve for development costs	Foreign currency translation reserve	Other reserve	Total 2023/2024	Total 2022/2023
Book value as of 1 July	15.675	1.433	2.231	3985	-1.559	32.531	54.296	54.471
Movements in financial year 2022/2023								
Dividend	0	0	0	0	0	-4.075	-4.075	-4.702
Results of financial year	0	0	0	0	0	4.658	4.658	5.963
Exchange rate fluctuations	0	0	0	0	-199	0	-199	-1.459
Purchase certificates	0	0	0	0	0	21	21	23
Depreciation	0	0	0	-225	0	225	0	0
Result	0	0	599	0	0	-599	0	0
(d)investment	0	0	0	5.833	0	-5.833	0	0
Other changes	0	0	-370	0	0	370	0	0
Status as of 30 June	**15.675**	**1.433**	**2.460**	**9.593**	**-1.758**	**27.298**	**54.701**	**54.296**

Issued capital

The authorised capital of the company amounts to EUR 50 million (2022/2023 EUR 50 million) and consists of 2.5 million shares with a nominal value of EUR 20 each, with 783,725 ordinary shares being issued. The value of the paid and called-up capital amounts equate to EUR 15,674,500 (EUR 15,674,500 at the end of 2022/2023).

Share premium reserve

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

Other legal reserves

Other legal reserves consist of a legal reserve for participating interests and the legal reserve for development costs.

The legal reserve for participating interests relates to companies that are valued in accordance with the equity method. The reserve concerns the difference between the participating interests' retained profit and direct changes in equity, as determined on the basis of the parent company's accounting policies, and the share thereof that the

parent company may distribute. As to the latter share, this takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies.

The legal reserve for development costs relates to the formed reserve of the not yet written off part of the capitalised development costs.

The legal reserve is determined on an individual basis.

Foreign currency translation reserve

Exchange gains and losses arising from the translation of foreign operations from functional to reporting currency are recorded in this reserve. On disposal of foreign operations, the relevant cumulative amount of currency exchange differences recognised in equity is recognised in the profit and loss account as part of the result on disposal.

Proposal for result appropriation

The General Meeting will be asked to approve the following appropriation of the 2023/2024 result after taxation: an amount of EUR 583 thousand to be added to the other reserves and the remaining amount of EUR 4,075 thousand to be distributed as dividends. Per share certificate, EUR 5.20 is available. This proposal is recorded in the balance sheet under the current liabilities.

27. Provisions

Other provisions

The composition and the movement of the other provisions in the financial year 2023/2024 are shown in the following overview:

	2023/2024	2022/2023
Amount as of 1 July	89	84
Additions	18	17
Withdrawals	0	-12
Amount as of 30 June	**107**	**89**

The provision for anniversary liabilities is calculated on the basis of a 4% discount rate and taking the expected turnover in personnel into account. Of the amount, EUR 30 thousand has a maturity <1 year and EUR 48 thousand has a maturity > 5 years.

28. Taxes and contributions

	30-Jun-24	30-Jun-23
Corporate income tax	404	258
Payroll tax and social insurances	29	25
	433	**283**

29. Other debts and accrued liabilities

	30-Jun-24	30-Jun-23
Wages and salaries to be paid	535	569
Holiday allowances	354	300
Pension contributions	136	10
Invoices to be received	132	61
Other amounts	1.064	620
	2.221	**1.560**

30. Share in result in participating interests after tax

This concerns the company's share in the results of its associates, of which an amount of EUR 10,705 thousand (2022/2023: EUR 8,655 thousand) concerns group companies. The remaining part concerns results in minority interests amounting to EUR 599 thousand (2022/2023: EUR 556 thousand).

31. Other income and expenses after tax

The other after-tax result concerns the regular costs for conducting holding activities. Costs encompass personnel costs, other corporate costs, including legal costs, depreciation, impairment, and interest assets/liabilities.

Wages and salaries

	2023/2024	2022/2023
Gross staff wages	4.009	3.189
Employer’s social security contributions for staff	518	378
Pension premium	473	392
	5.000	**3.959**

Specification number of FTE’s

	2023/2024	2022/2023
Management, administration and IT.	59	53

At Royal HZPC Group B.V. there were an average of 4 FTE (previous financial year 4 FTE), all working in the Netherlands. The remaining 55 FTEs are salaried at a group company and charged in full to Royal HZPC Group B.V. and included as a result.

Other company costs

	2023/2024	2022/2023
Sales costs	2.062	1.611
Office costs	1.937	1.811
Staff related costs	2.264	1.633
Repair and maintenance	959	842
Other costs	7.626	359
	14.848	**6.256**

Other explanatory notes

Financial instruments

In the normal course of business, the company uses financial instruments that expose the company to market, currency, interest rate, credit and liquidity risks. To manage these risks, the company has developed a policy, including the establishment of a system of credit limits and procedures to reduce the risks of unpredictable adverse developments in financial markets and thus the financial performance of the company.

Credit risk

The company incurs credit risk on loans and receivables recorded under financial fixed assets, other receivables and cash.

Liquidity risk

The company monitors its liquidity position through successive liquidity budgets. The management will ensure that sufficient liquidity is available to meet the obligations.

Interest risk

The company incurs interest risk on interest-bearing assets and liabilities. Both of these receivables and payables have agreed on variable interest rate agreements, which means that the company is exposed to risk regarding future cash flows. In order to limit the interest risk on the credit facility, an interest rate cap has been agreed as a mitigating measure.

Off-balance sheet assets and liabilities

The company has liabilities under operating leases and rent for an amount of EUR 2.3 million. Of this amount, EUR 0.9 million has a term of less than 1 year. The remaining amount concerns an obligation for less than five years. An amount of EUR 0.9 million has been recognised in the profit and loss account for rent and lease in the financial year 2023/2024.

Liabilities under implementation of an ERP system equate to an amount of EUR 0.8 million. This amount has a term of less than 1 year.

Tax entity

Together with its subsidiaries within the Netherlands, excluding D.S.S. Opslag B.V., the company forms a tax entity for corporate income tax purposes and value-added tax. The standard conditions stipulate that each of the companies is liable for the tax payable by all companies belonging to the tax entity. The fiscal entity does not differ from the fiscal entity in the consolidated financial statement.

Remuneration of managing and supervisory directors

A statement of the remuneration of the management has been omitted, pursuant to the provisions of Section 383 paragraph 1 of Book 2 of the Netherlands Civil Code, final sentence. The remuneration of Supervisory Board members amounts to EUR 107 thousand (2022/2023: EUR 104 thousand).

Joure, 29 October 2024

The Executive Board:
H.E. Huistra (CEO), Managing Director
H. Vervelend (CCO)
J.L. van Vilsteren (CFO)

The Supervisory Board:
M. Kester, Chair
C.J. Biemond
J.-P. Bienfait
I. Frolova
M. Hommes-Gesink

09 **OTHER INFORMATION**



Statutory provisions on profit appropriation

Pursuant to article 27 of the articles of association of Royal HZPC Group B.V., a percentage of the company's profit to be determined by the Executive Board with the approval of the Supervisory Board can be added to the reserves while the undischarged losses of previous years are deducted along with the taxes which are, or will be, charged on the basis of the profit, which may be established by means of an estimate if necessary. The remaining profit is available for disposal at the discretion of the General Meeting of Shareholders. The company can only make payouts of profit available for paying out to the shareholders and any other parties that may be thus entitled to the extent that the shareholders' equity is greater than the paid and called-up part of the capital augmented with the reserves that must be maintained by law or under the articles of association.

Independent auditor's report

The following is an English translation of the independent auditor’s report issued 29 October 2024

To: the shareholders and supervisory board of Royal HZPC Group B.V.

Report on the audit of the financial statements 2023/2024 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 30 June 2024 of Royal HZPC Group B.V. based in Joure.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Royal HZPC Group B.V. as at 30 June 2024 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the consolidated and company balance sheet as at 30 June 2024
- The consolidated and company profit and loss account for the year then ended
- 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 Royal HZPC Group B.V. (the company) in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement,
whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to the section Risk Management of the management report for management's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration of the Integrity Council. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud,
in particular relating to important judgment areas and significant accounting estimates as disclosed in Note Use of estimates on page 84 and note Intangible fixed assets on page 92 to the financial statements, including the debtor provision and the recording of intangible fixed assets. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. Additionally, in order to respond to the identified risks of management override of controls, we specifically for the provision for bad debtors took note of minutes and inquired with management, including a background analysis of the underlying substantiation. We have also taken note of legal cases and lawyers' letters.Specifically for the capitalisation of intangible assets, we have determined whether the capitalised expenditure meets the criteria for capitalization and the cost of the asset can be reliably determined.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. In identifying and estimating fraud risks, we have based ourselves on the assumption that there are fraud risks in revenue recognition, particularly with regard to the recognition of turnover in the correct financial year. Among other things, we considered the company's result target and its realization. In response to the perceived risk of fraud, we have determined and implemented our revenue recognition procedures.

Specifically for the risk related to commission payments to agents, we have paid attention to the contractual recording of the agreed service and the amount of the associated fee. We have also identified a fraud risk of non-compliance with laws and regulations as a result of third party funds by the organization, please refer to the next section.

We considered available information and made enquiries of management, the Integrity Council and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We have identified the following risk of non-compliance and performed the following procedures.

Risk	Part of Royal HZPC Group B.V.'s turnover takes place in countries where sanction measures apply and customers experience problems when transferring funds to Royal HZPC Group B.V., on the basis of which third parties are used. We considered non-compliance with anti-corruption laws in high-risk countries, the use of intermediaries and the unwitting participation in terrorist financing or money laundering by receiving funds from unknown third parties as a risk in our control. The risks related to compliance with laws and regulations, including developments in the financial year 2023-2024, are explained in the annual report on page 58.
Our audit approach	Among other things, we have carried out the following audit procedures, specifically focused on this risk, with planning and execution taking place in collaboration with our forensic specialists: • We have gained insight into the structure and existence of internal control over third-party funds • Familiarisation with internally conducted (background) investigations and subsequent follow-up to identified third parties apply in the financial year • Taking note of legal opinions • We have made inquiries from the company's management and supervisory board, as well as from the company's external legal counsel, regarding possible or suspected violations of laws and regulations relating to third-party payments, including the status of ongoing investigations. To confirm the results of those investigations, we verified the information received with underlying source documentation.

We also inspected lawyers’ letters and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Going concern on page 83 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company’s ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism.

We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant 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.

Based on our procedures performed, we did not identify material uncertainties about going concern.
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.

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
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

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

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

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

The supervisory board is responsible for overseeing the company's financial reporting process.

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. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. 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 management
- 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

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Communication

We communicate with the supervisory board 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, 29 October 2024

EY Accountants B.V.

signed by J.J. Kooistra