



2022 Financial Statements

Royal FloraHolland in figures

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Consolidated balance sheet at 31 December 2022

(After proposed appropriation of profit or loss [amounts x €1,000])

Assets

	Note	2022	2021
Fixed assets			
Intangible fixed assets	(1)	56,406	52,509
Tangible fixed assets	(2)		
Land		106,606	105,765
Buildings		284,306	284,150
Equipment, packaging and logistic resources		72,386	64,117
Other fixed operating assets		35,561	43,262
Not used for business operations		89,033	84,307
		587,892	581,601
Financial fixed assets	(3)		
Participating interests		8,829	10,949
Other receivables		315	4,474
Deferred taxes		10,032	3,987
		19,176	19,410
Current assets			
Inventories		986	791
Receivables			
Trade receivables	(4)	47,702	41,514
Receivables from participating interests		2,563	2,722
Other receivables, prepaid expenses and accrued income	(5)	14,085	16,358
		64,350	60,594
Cash and cash equivalents	(13)	23,367	54,349
Total		752,177	769,254

Liabilities

	Note	2022	2021
Group equity			
Equity	(6)	207,308	214,262
Minority interests	(7)	–	2,689
		207,308	216,951
Provisions	(8)		
Other provisions		4,862	5,775
		4,862	5,775
Non-current liabilities			
'B' depositary receipts*	(9)	215,431	227,334
'C' depositary receipts*	(10)	44	247
'D' depositary receipts*	(11)	3,227	3,193
Long-term bank loans	(12)	6,290	9,679
Financial lease obligations	(12)	4,394	5,739
Other liabilities	(12)	5,385	5,862
		234,771	252,055
Current liabilities			
Credit institutions	(13)	3,288	4,330
Debts to members/non-members	(14)	78,171	66,988
Repayment obligations to members/non-members	(14)	6,431	8,900
Repayment obligations under financial leases		3,253	3,324
Accounts payable		38,928	26,869
Refundable deposits	(15)	100,008	100,125
Other liabilities, accrued expenses and deferred income	(16)	75,157	83,937
		305,236	294,473
Total		752,177	769,254

* Subordinated loans: the risk-bearing capital is the equity plus the sum of these loans.

At year-end 2022, the risk-bearing capital was €423.4 million (2021: €445.1 million).

Consolidated profit and loss account for 2022

(amounts x €1,000)

	Note	2022	2021
Operating income			
Commission payments		91,664	98,273
Contributions		9,512	9,661
Lot and auction trolley fees		61,457	58,674
Transaction and service fees		36,105	34,933
Packaging		52,849	52,842
Trolley and CC container rental		33,525	31,983
Property rental		52,250	52,391
Road transport		63,229	11,870
Other logistics services		19,109	12,228
Miscellaneous revenue	(20)	28,273	29,037
		447,973	391,892
Operating expenses			
Wages and salaries	(21)	182,899	149,668
Social security costs		21,217	16,512
Pension costs		16,658	13,948
Amortisation, depreciation and impairments	(22)	80,051	88,788
Other operating expenses	(23)	155,253	112,378
		456,078	381,294
Operating profit/loss		-8,105	10,598

	Note	2022	2021
Operating profit/loss		-8,105	10,598
Financial income and expenses			
Interest expenses and similar charges		-1,353	-2,168
Interest income and similar income		443	624
		-910	-1,544
Operating profit/loss before tax		-9,015	9,054
Profit/loss from participating interests	(3)	2,362	2,088
Corporation tax	(24)	2,181	-4,266
Minority interests	(7)	-	-331
Profit/loss after tax		-4,472	6,545

Consolidated statement of cash flows in 2022

(amounts x €1,000)

	Note	2022	2021
Operating activities			
Operating profit/loss		-8,105	10,598
Amortisation, depreciation and impairments		80,009	91,334
Proceeds from disposal of fixed assets		-2,689	-11,275
Movement in provisions		-914	-1,191
		68,301	89,466
Change in working capital			
Decrease/increase in inventories		-195	-195
Decrease/increase in trade receivables		-6,188	-8,953
Decrease/increase in receivables from participating interests		159	3,069
Decrease/increase in other receivables		11,914	-5,698
Decrease/increase in debts to members/non-members		14,457	16,066
Decrease/increase in accounts payable		11,090	-957
Decrease/increase in refundable deposits		-117	3,963
Decrease/increase in other liabilities		-8,179	16,248
		22,941	23,543
Interest received		443	624
Dividend received		3,121	2,286
Interest paid		-1,953	-2,271
Dividend distribution		-3,272	-
Corporation tax paid/received		-13,492	-4,568
		-15,153	-3,928
Cash flow from operating activities		76,089	109,081

	Note	2022	2021
Investing activities			
Investments in tangible fixed assets		-73,067	-48,966
Disposals of tangible fixed assets		8,680	21,668
Investments in intangible fixed assets		-19,172	-32,170
Repayment of long-term receivables	(3)	43	2,461
Grants of long-term receivables	(3)	-	-4,777
Acquisition of group companies	(1)	-	1,758
Investment in financial fixed assets	(3)	-193	-
Cash flow from investing activities		-83,709	-60,025
Financing activities			
Movement in bank overdrafts	(13)	-1,042	-10,459
Movement in long-term loans	(12)	-3,389	3,540
Financial lease obligations		-1,344	5,739
Other liabilities		-690	5,862
Change in repayment obligations on non-current liabilities		-71	3,324
Dividend paid to holders of minority interests	(7)	-	-282
Capital contributions		27,461	29,392
Payouts on 'A' and 'E' depositary receipts		-4,292	-4,149
Payouts on 'B', 'C' and 'D' depositary receipts		-40,018	-36,001
Receipts from non-current liabilities and bank loans	(12)	-	280
Cash flow from financing activities		-23,385	-2,755
Currency translation differences		23	21
Net cash flow		-30,982	46,322
Cash and cash equivalents at 1 January		54,349	8,027
Cash and cash equivalents at 31 December		23,367	54,349
Movement in cash and cash equivalents		-30,982	46,322

Consolidated statement of comprehensive income for 2022

(amounts x €1,000)	Note	2022	2021
Consolidated net income after tax		-4,472	6,545
Direct movements in equity			
Translation differences for foreign participating interests		12	21
Total comprehensive income		-4,460	6,566

Notes to the consolidated accounts for 2022

General notes

Objectives

Coöperatie Royal FloraHolland UA, further referred to in this report as Royal FloraHolland and the cooperative, is a *coöperatie U.A.*, a cooperative under Dutch law with excluded liability for its members. The cooperative aims to maximise sales revenue for its members at the lowest possible selling costs as well as related services and facilities. Members of the cooperative comprise natural persons and legal entities who operate one or more companies that grow ornamental plants or flowers. The registered office of Royal FloraHolland is in Aalsmeer. Its full address is Legmeerdijk 313, 1430 BA Aalsmeer, the Netherlands, and the cooperative is registered with the Chamber of Commerce under number 34284016.

Liability of members of the cooperative

Members of Royal FloraHolland enjoy exclusion of liability under the Articles of Association. This means that the members of the cooperative cannot be held liable for unrecoverable losses other than through the cooperative financing in the form of depositary receipts. The 'A' depositary receipts arising from profits and registered to individual members form part of the equity of the cooperative. In addition, each member of the cooperative participates in 'B' depositary receipts by contributing a percentage of their product revenue sold and settled via the cooperative, with the applicable percentage proposed by the Management Board and determined by the Council of Members. Depositary receipts are subordinated to claims from creditors and other providers of loan capital. 'B' depositary receipts can be paid out on proposal by the Management Board and after approval by the Council of Members after expiry of the full term of the related annual instalments, provided that the risk-bearing capital is at least 45%. The financial statements have been prepared subsequent to the proposal for profit appropriation. The profit/loss of the current financial year has therefore been added to the general reserve.

Applied accounting standards

The financial statements have been prepared in compliance with Part 9 of Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting. In the interest of clarity regarding the particular nature of the business operation, the profit and loss accounts are presented in greater detail than strictly required under the Annual Accounts Models Decree. The model used in this report is more comprehensive than the prescribed model. Unless stated otherwise, amounts presented in these notes are expressed in thousands of euros.

Consolidation principles

The 2022 consolidated financial statements include Royal FloraHolland and the group companies with which it forms an organisational and economic unit (collectively referred to as ‘the group’). Group companies are companies in which Royal FloraHolland has a direct or indirect controlling interest in their governance and financial policies.

A controlling interest in a company is assumed if Royal FloraHolland either owns more than 50% of the share capital, or holds special rights, e.g. potential voting rights that can be exercised directly, such that this company must be considered to be a group company.

Group companies are fully consolidated in the financial statements. The interests of third parties in equity and profit (or loss) are stated separately. Intercompany transactions, receivables and liabilities are eliminated. Consolidation and deconsolidation are applied from the date at which control is respectively obtained or relinquished. Group companies are included in the consolidated financial statements according to Royal FloraHolland’s accounting policies for valuation and determination of income.

Where necessary, the accounting policies of group companies and other legal entities included in the consolidation are adjusted to conform with the accounting policies of the group.

Accounting policies for the valuation of assets and liabilities, income determination and cash flows

General information

The accounting policies for asset and liability valuation and income determination are based on historical costs. The assets and liabilities are recognised at amortised cost, unless stated otherwise. An asset is recognised in the balance sheet if it is probable that future economic benefits associated with the asset will flow to the company and its value can be reliably determined. A liability is recognised in the balance sheet if it is probable that settlement will be accompanied by an outflow of cash at a value that can be reliably determined.

The accounting policies applied for valuation and income determination have remained unchanged with respect to the previous year. The figures from the previous financial year have been adjusted where necessary for clarity. This applies in particular to receivables and debts between Royal FloraHolland and members / non-members.

Currency conversion

Royal FloraHolland uses the euro as its functional currency. On initial recognition, transactions in foreign currencies are converted into the functional currency at the exchange rate applicable on the transaction date. Monetary balance sheet items in foreign currencies are converted to the functional currency at the exchange rate prevailing on the balance sheet date. Non-monetary balance sheet items in foreign currencies that are carried at historical cost are converted to the functional currency at the exchange rate applicable on the transaction date.

With the exception of exchange differences arising from the net investment in a foreign business operation or loans obtained to finance or effectively hedge the net investment in a foreign business operation, exchange differences that arise during the settlement or conversion of monetary items in foreign currency are taken to the profit and loss account. These exchange differences are recognised directly in the translation differences reserve. The translation differences reserve forms part of the 'Statutory reserves' item.

On the balance sheet date the assets and liabilities of the foreign business operation are converted into the presentation currency (the euro) at the exchange rate applicable on that date, and the income and expenses in the profit and loss account are converted at the exchange rate applicable on the transaction date for that year. The resulting exchange differences are recognised directly in the statutory translation differences reserve. In the event of disposal of a foreign business operation, the relevant cumulative amount of the translation differences, which forms part of group equity, is recognised in the profit and loss account as part of the income from the sale.

Judgements and estimates

In applying the principles and rules for drawing up the financial statements, group management makes various judgements and estimates, some of which will have a significant effect on the amounts reported in the financial statements. Where necessary to provide the understanding required under Article 2:362(1) of the Dutch Civil Code, the notes to the relevant items in the financial statements explain the nature of these judgements and estimates, as well as the assumptions on which these are based.

Intangible fixed assets

An intangible fixed asset is recognised in the balance sheet if:

- it is probable that the future economic benefits associated with the asset will flow to the group; and
- the costs of the asset can be reliably determined. Intangible fixed assets are carried at the acquisition cost net of depreciation and any impairment losses. The annual straight-line amortisation is based on the expected economic life:
 - Software: amortisation over 3 - 7 years;
 - Goodwill: amortisation over 10 years.

Impairments can occur when changes or circumstances suggest the carrying value of an asset is unlikely to be recovered (or not in full).

The costs of software development are capitalised provided they meet the specified conditions for technical, commercial and financial feasibility. A statutory reserve is maintained that equates to the balance-sheet value. For the purpose of determining potential impairments, the goodwill arising from an acquisition is allocated on the acquisition date to the cash-generating unit that stands to benefit from the acquired activities, when considered in combination with software development by Royal FloraHolland.

Tangible fixed assets

Tangible fixed assets are carried at the historical cost or production cost net of depreciation and any impairment losses.

The annual straight-line depreciation is based on the estimated economic life:

- land and assets not used in business operations are not depreciated;
- buildings and site facilities: depreciation over 10 to 33 1/3 years;
- equipment, packaging, logistic resources and other fixed operating assets: depreciation over 2 to 20 years.

The costs of major maintenance are included in the asset cost when incurred and if the criteria for capitalisation are met. These costs are written off over the estimated interval between such maintenance activities, in accordance with the component method of depreciation. All other maintenance costs are recognised directly in the profit and loss account. Impairments can arise when changes or circumstances indicate that the carrying value of an asset is unlikely to be recovered in the future (or not in full). (See also the explanation below concerning impairments of fixed assets.) Unused land intended for sale to third parties is not considered to be economically exchangeable and is valued at the historical cost of acquisition per location, net of cumulative impairment losses.

The land intended either for sale to trading partners or for company use in Aalsmeer, Naaldwijk and Rijnsburg is considered to be economically exchangeable.

Property investments refer to property which is held to generate lease income and not intended for operational use. Properties under construction or development for future use as investments are recognised separately within property investments. Property investments are initially recognised at acquisition cost, including transaction expenses. Following initial recognition, the property investments are carried at historical cost (net of cumulative depreciation and impairment losses). A property investment ceases to be capitalised in the event of disposal. In the case of permanent disuse, an impairment loss is recognised if no future economic benefits can be expected. The gain or loss arising from the disposal is determined as the difference between the net income and carrying value of the asset, and is recognised in the profit and loss account. In the event of the sale of a tangible fixed asset, the realised portion of the revaluation reserve is included in the other reserves.

Change in basis of estimation

During the use of an asset, the initial estimate of its useful life may need to be adjusted in line with a change in management's original expectations. In accordance with the statutory requirements as set out in Guideline RJ 212.428 of the Dutch Council for Annual Reporting, in 2022 Royal FloraHolland performed a reassessment of the initial estimate of the useful life of trolleys. Based on the analyses performed, it was determined that the economic useful life of a trolley was 20 years.

The quantitative impact in 2022 was a €2.3 million reduction in depreciation charges relative to the prior year.

Impairments of fixed assets

An important component of Royal FloraHolland's strategy is to provide attractive marketplaces that efficiently facilitate traders and secure their loyalty. This strategy calls for significant investments in assets, especially in land, buildings and software, and is an important part of the Royal FloraHolland long-term vision. However, given the market conditions and developments in the financial, digital and property sectors, medium-term and long-term fluctuations in the valuation of fixed assets cannot be ruled out. These fluctuations can therefore lead to impairments, despite the long-term vision. Royal FloraHolland periodically reviews its policies on depreciation, amortisation, valuation principles and investments, in particular in relation to investments in land, buildings, goodwill and software. At each balance sheet date, Royal FloraHolland evaluates potential indications that an asset or cash-generating unit may be subject to an impairment. If such indications exist, the carrying value of the asset is assessed against its recoverable value, which is the higher of the net realisable value and the value in use. The value in use is determined by estimating the future net cash flows from continued use of both the asset and the cash-generating unit; these cash flows are then discounted to their present value using the appropriate discount rate. An impairment loss is recognised directly as an expense in the profit and loss account, with a simultaneous reduction in the carrying value of the asset concerned.

Financial fixed assets

On each balance sheet date the group assesses whether a financial asset or group of financial assets has incurred an impairment. For all categories of financial assets valued at the amortised cost of acquisition, if an impairment is objectively indicated the corresponding impairment loss is determined and recognised in the profit and loss account. For those financial assets valued at the amortised cost of acquisition, the size of the impairment loss is determined as the difference between the carrying value of the asset and the best possible estimate of the future cash flows, discounted at the effective

rate of interest that was determined for that financial asset at initial recognition of the instrument. Participating interests subject to significant influence by the group over their financial and operating policies are valued at the net asset value. Significant group influence is in any case assumed to be present when the shareholding exceeds 20%. The net asset value is calculated in accordance with the accounting policies that apply to these financial statements. If the calculated net asset value of a participating interest is negative, then the carrying value is set to zero. In such a situation, if and to the extent that Royal FloraHolland guarantees the debts of the participating interest, whether in full or in part, or has the firm intention to enable the participating interest to repay its debts, a provision is recognised.

Participating interests not subject to significant influence over their financial and operating policies are recognised at acquisition cost net of any necessary write-downs due to permanent impairment. Receivables recognised under financial fixed assets are carried at amortised cost, net of any provision deemed necessary for bad debts.

Mergers and acquisitions

Acquisitions are recognised in the financial statements using the purchase accounting method. This means that the acquired assets and liabilities are recognised at fair value as at the acquisition date. The difference between the acquisition cost and the company's share in the fair value of the identifiable assets and liabilities acquired at the time of the transaction of a participating interest is recognised as goodwill.

Inventories

Inventories mainly comprise single-use packaging; they are valued at acquisition cost or the net realisable value if lower. The acquisition cost of inventories is determined according to the 'first in, first out' rule. The acquisition cost is made up of the purchase price plus additional costs. Additional costs comprise any import duties and other taxes, transport and handling costs, plus any other costs directly attributable to obtaining the inventories. The net realisable value is determined based on the prices in the most recent sales transactions net of the estimated selling costs.

Receivables

Any loans provided and other receivables are initially recognised at fair value plus transaction costs and subsequently valued at amortised cost net of any required provision for bad debts. If there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value of the receivables.

Cash and cash equivalents

Cash and cash equivalents refers to cash and the balances in bank accounts, which are stated at nominal value. Cash and cash equivalents to which the group will not or is not expected to have access for more than twelve months are classified as financial fixed assets.

Provisions

A provision is recognised when on the balance sheet date, the group has a legally enforceable or constructive payment obligation the settlement of which is likely to require an outflow of money and where the amount can be reliably estimated. The size of the provision is determined as the best estimate of the amounts necessary to settle the relevant liabilities and losses as at the balance sheet date. Unless stated otherwise, provisions are recognised at present value.

Pensions

The Dutch pension schemes are subject to the Dutch Pensions Act (*Pensioenwet*). The company pays basic premiums to pension funds and insurance companies on a mandatory, contractual or voluntary basis. The premiums are recognised in personnel costs at the time they fall due. Premiums paid in advance are recognised in prepaid expenses and accrued income if they will lead to a refund or to a reduction in future payments. Premiums not yet paid at balance sheet date are recognised in the balance sheet as a liability.

A provision is recognised for present obligations (other than premiums payable) towards the pension provider and/or employees. Such pension provisions are measured on the basis of the best estimate of the present value of the amounts expected to be required to settle the obligation. The discount rate used to determine the present value is the market yield on high-quality corporate bonds. If the discounting period for the expenditure is one year or less, the obligation is not discounted. Creation and release of pension provision are debited or credited, respectively, to the profit and loss account.

Royal FloraHolland has placed the basic pension scheme with Pensioenfond PGB since 1 January 2020. Following a transfer of undertaking, the supplementary pension scheme has been placed with Central Beheer PPI since 1 September 2022. It was previously placed with ABN AMRO Pensions. The scheme with Pensioenfond PGB is a conditional defined-benefit (average salary) scheme with conditional indexation. The accrual percentage is 1.75%. The board of Pensioenfond PGB decides annually whether indexation is possible on the basis of the policy funding ratio for December. A condition for partial or full indexation is that the policy funding ratio must exceed 110% in December. The funding ratio in December 2021 was 111.5%. In 2022, indexation was applied and the PGB pension was increased by 3%. The scheme with Centraal Beheer PPI is a defined contribution scheme. Amounts are contributed to the pension capital in accordance with the age-dependent scale.

Until 31 December 2019, Royal FloraHolland had an insured pension scheme with Nationale-Nederlanden (NN). In 2021, Royal FloraHolland reached agreement with the unions on the use of the separate investment fund, which is intended for pension purposes. The amounts released will be used to unconditionally index the pension accrued with NN by 1.232% over a period of 4 years (from 1 January 2021 to 1 January 2025). Until 2021, Royal FloraHolland had a Partner Pension scheme at both NN and PGB on an accrual basis. As of 2021, the Partner Pension scheme at PGB is on a risk basis.

Work anniversaries

The provision for work anniversaries relates to the present value of the cost of future bonuses to employees for long periods of service, taking into account the chance of early termination of employment and death. The present value is based on a discount rate of 3.8% (2021: 0.6%).

Restructuring

The restructuring provision relates to the costs attributable to redundancies under the social plan. The restructuring provision is recognised at nominal value.

Non-current liabilities

Non-current liabilities are initially recognised at fair value. If subsequent valuations are not based on fair value with value adjustments recognised in the profit and loss account, then on initial recognition the directly attributable transaction costs are deducted from the fair value. After initial recognition, non-current liabilities are valued at the amortised cost according to the effective interest method. Profit or loss is recognised in the profit and loss account as soon as the liabilities cease to be recognised in the balance sheet, as well as through the process of amortisation.

Depository receipts

Members participate in the capital of the cooperative by holding fully or partially paid-up 'A' depository receipts (equity) and 'B' depository receipts (loan capital). In addition, the cooperative may agree with members, but also with non-members, that under certain conditions they can participate in the loan capital of the cooperative by means of 'C' and 'D' depository receipts.

On 31 December 2016, the credit balance in a member's participation account was used to fully pay up their 'A' depository receipt. If the credit balance was in excess of €20,000, the excess amount became the new balance in the participation account. This balance, and the balance in the participation accounts of former members on that date, make up the Final Balance.

The conditions under which members and/or non-members can participate in depository receipts, including stipulations regarding interest and rights to distribute/claim the paid balances, are stated in Articles 17 and 40 of the Articles of Association of the cooperative.

Current liabilities

Current liabilities are initially recognised at fair value. If subsequent valuations are not based on fair value with value adjustments recognised in the profit and loss account, then on initial recognition the directly attributable transaction costs are deducted from the fair value. After initial recognition, current liabilities are valued at the amortised cost according to the effective interest method. Profit or loss is recognised in the profit and loss account as soon as the liabilities are no longer recognised in the balance sheet, as well as through the process of amortisation.

Refundable deposits

Deposit refund liabilities are recognised at the face value of the deposits paid for reusable packaging in circulation as at the balance sheet date, net of an estimated amount for packaging that will not be returned. There is a release each year of the outstanding deposit refund liabilities for the reusable packaging as at the balance sheet date.

Leasing

The judgement as to whether an agreement entails a lease is based on the economic reality at the commencement date of the contract. In the case of finance leases (whereby the advantages and disadvantages of ownership of the leased object are borne entirely or almost entirely by the lessee), the leased object and the related liabilities are recognised in the balance sheet at commencement of the agreement at the fair value of the leased object, or at the present value of the minimum lease payments if lower. The initial direct costs for the lessee are included in the initial recognition of the asset. The lease payments are split into interest expenses and repayment of the outstanding liability, with a constant interest rate applicable to the remaining net liability. The lease obligations, excluding the interest component, are recognised under non-current liabilities. The interest component is reported in the profit and loss account over the term of the contract. Capitalised leased objects are depreciated over the shorter of the lease term and the useful life of the object.

In the case of operating leases, the lease payments are charged to the profit and loss account on a straight-line basis over the lease term. In operating leases where Royal FloraHolland is the lessor, the lease income is credited to the profit and loss account on a pro-rata basis over the lease term. Initial direct costs are charged directly to the profit and loss account.

Income

Income from the sale of goods is recognised as soon as all significant rights and risks related to ownership of the goods are transferred to the purchaser, Royal FloraHolland no longer has the goods at its disposal, the income can be reliably determined, and it is likely that the income will accrue to Royal FloraHolland.

Income from services is recognised by reference to the stage of completion of the transaction as at the balance sheet date relative to the total value of services to be rendered, provided that the result can be reliably estimated.

Other operating income

Other operating income is income that is not directly related to the supply of goods or services in connection with normal, recurring operations.

Net revenue

Net revenue is income from the supply of goods and services. Income is recognised at the transaction price, which is the amount to which Royal FloraHolland expects to be entitled in exchange for transferring promised goods or services to a buyer. This amount excludes amounts collected on behalf of third parties (including taxes levied on revenue). The transaction price comprises a fixed element and variable consideration in the form of rebates and performance bonuses. Determination of the transaction price does not take account of credit risk.

When determining the transaction price, it is assumed that the goods or services will be supplied in accordance with the terms of the relevant contract and that the contract will not be cancelled, extended or otherwise amended.

Determination of profit or loss

The profit or loss, i.e. the net result from the operating income and expenses for the financial year, is attributed to the year in which it was earned. Operating income ('profit') other than product revenue is recognised provided it was realised on or before the balance sheet date. Operating expenses ('losses') that originate before the end of the financial year are recognised only if they become known prior to the preparation of the financial statements.

Employee benefits

Periodically payable remuneration

Wages, salaries and social security costs are recognised in the profit and loss account according to the terms of employment and to the extent that they are due to employees or the tax authorities respectively.

Profit/loss from participating interests

The group's share in the profit or loss of participating interests in which the group does not have a controlling interest is recognised in the profit and loss account based on the net asset value. Insofar as recognition is not based on the net asset value, the profit/loss referred to is the dividend received in the financial year and any impairment losses.

Financial income and expenses

Interest income and expenses

Interest income and expenses are recognised on a straight-line basis, taking into account the effective interest rate of the corresponding assets and liabilities. Recognised transaction costs on loans received are taken into account when recognising the interest expenses.

Exchange differences

Exchange differences occurring in the settlement or conversion of monetary items are recognised in the profit and loss account for the period in which they occur.

Dividends

Dividends receivable from participating interests and securities not valued at net asset value are recognised as soon as Royal FloraHolland obtains the right to them.

Taxes

Corporation tax on the stated profit is calculated taking account of tax-exempt items and fully or partially non-deductible expenses. A deferred tax liability or deferred tax asset is recognised for taxable or deductible temporary differences. A deferred tax asset is recognised under current assets if it is expected that this receivable can be set off against tax payable in future. The deferred tax asset is recognised as available for carry-forward losses to the extent that it is likely that taxable profit will be available in future for set-off. The deferred tax assets and liabilities are recognised at nominal value, based on the current and future tax rate of 25.8%. Deferred tax assets are carried at their nominal value.

Statement of cash flows

The statement of cash flows is prepared according to the indirect method.

The funds in the statement consist of cash and cash equivalents. Cash flows in foreign currencies are converted at an estimated average exchange rate. Exchange differences relating to cash and cash equivalents are shown separately in the statement of cash flows.

Income and expenses from interest, dividends received and corporation tax are stated in the cash flow from operating activities. Dividends paid are stated in the cash flow from financing activities. The acquisition cost of acquired group companies and the selling price of group companies that were sold are stated in the cash flow from investing activities, provided that payment was made in cash or cash equivalents. The cash resources available in these group companies have been deducted from the purchase price and the selling price respectively.

Transactions that do not involve an exchange of cash resources are not included in the statement of cash flows.

Financial instruments

Financial instruments include both primary financial instruments such as receivables, securities and debt, and financial derivatives. All purchases and sales of financial assets in accordance with standard market conventions are recognised on the transaction date, i.e. the date at which the group enters into the binding agreement.

The principles that apply to the primary financial instruments are explained in the notes per balance-sheet item. Valuation and recognition of derivatives are explained in the section 'Derivatives and hedge accounting'.

Fair value of financial instruments

The fair value is the amount at which an asset can be traded or a liability settled between properly informed parties who are mutually independent and willing to enter into a transaction. If a reliable fair value cannot immediately be determined, the fair value is approximated based on the fair value of its components or of a comparable financial instrument, or by using valuation models and methods. Such methods include:

- the use of recent market transactions between independent parties;
- the use of the current fair value of another instrument that is almost identical;
- analysis based on discounted cash flows or other valuation models.

The fair values of financial instruments are explained in the notes to the balance sheet, under 'Financial instruments and risk management'.

Derivatives and hedge accounting

Royal FloraHolland neither holds nor issues financial instruments for trading purposes. The group uses derivatives such as interest-rate swaps to hedge the risks to which it is exposed due to interest rate fluctuations.

The group applies cost price hedge accounting based on individual hedge documentation.

The group documents the following:

- How the individual hedge relationship fits with the risk management objectives, and a description of the hedging strategy, including expectations regarding the effectiveness of the hedge relationship;
- The hedging instrument involved in the individual hedge relationship and the hedged position or transaction.

The hedges that meet these strict conditions for hedge accounting are recognised as explained below.

The valuation of the derivative depends on the hedged item and is as follows:

- If the hedged item is recognised in the balance sheet at cost price, then the derivative is also valued at cost price.
- The hedging instrument in the cost price hedge cannot be revalued until the hedged item is recognised in the balance sheet.

The effect on determination of income is as follows:

- At each balance sheet date, the effectiveness of the hedge is assessed;
- If the critical terms of the hedge instrument and the hedged item do not match (or did not match in the past), then this is an indication that a component of the cost price hedge is ineffective;
- In that event, the ineffective component is determined using the dollar offset method;
- If the ineffectiveness cumulatively results in a loss as at the balance sheet date, the ineffectiveness is recognised in the profit and loss account.

Cost price hedge accounting is discontinued when:

- The hedge instrument expires, or is sold, terminated or exercised. The cumulative gain/loss realised on a hedge instrument that was not yet recognised in the profit and loss account when the hedge was effective is recognised in the balance sheet as an individual accrual until the hedged transaction takes place;
- The hedge relationship no longer fulfils the criteria for hedge accounting.

The group applies cost price hedge accounting for the interest-rate swaps that ensure that certain variable-rate debts are converted into fixed-rate loans.

The ineffective component of the change in value of the interest-rate swaps is recognised in the profit and loss account under financial income and expenses.

Risk management

The principal risks related to the group's financial instruments are the interest-rate risk, credit risk and liquidity risk. Transactions in foreign currencies take place only to a limited extent. Assets and liabilities are also generally denominated in euros. The exchange risk is therefore limited.

A description of the group policy to limit these risks is provided in the 'Financial instruments and risk management' section of the notes to the consolidated balance sheet.

Notes to the consolidated balance sheet for 2022

(amounts x €1,000)

Fixed assets

(1) Intangible fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	GOODWILL	SOFTWARE	2022	2021
Balance as at 1 January	12,640	39,869	52,509	47,944
Movements				
Investments	-	19,133	19,133	31,553
Transfers	-	-83	-83	-
Amortisation	-1,310	-13,813	-15,123	-14,849
Disposals	-	-	-	0
Corrections	-30	-	-30	-1,416
Impairment losses	-	-	-	-10,723
Balance as at 31 December	11,300	45,106	56,406	52,509
Cumulative purchase value	13,104	92,300	105,404	102,076
Cumulative amortisation and impairment losses	-1804	-47,194	-48,998	-49,567
Balance as at 31 December	11,300	45,106	56,406	52,509

On 27 October 2021, Floriway BV acquired the shares of Gebroeders de Winter Holding BV and its direct and indirect subsidiaries. On 27 October 2021, Floriway BV also acquired the shares of Hoza BV and its subsidiary Van Marrewijk Holding BV, along with the latter's subsidiaries. The companies acquired (referred to in the following as 'Floriway') are leading transport firms in the floriculture industry. As of 27 October 2021, RFH Logistics Holding BV held an 85% majority shareholding in Floriway, meaning that Royal FloraHolland has dominant control. The activities of Floriway and its subsidiaries have therefore been fully consolidated in the Royal FloraHolland group. In 2022, the name of Floriway BV was changed to Floriway Logistics BV.

RFH Logistics Holding BV also has an agreed right and obligation to repurchase the remaining 15% interest in Floriway BV, which has been disclosed as a liability in the financial statements. The acquisition price contains estimates based on assumed future performance indicators.

Because the activities related to the acquired companies have been acquired for the long term, the estimated economic life of the goodwill is 10 years.

High energy prices, partly due to the war in Ukraine, had a negative impact on production and transport volumes in the floriculture sector in 2022, and are expected to have a negative impact again in 2023. This has had a negative effect on the results of Floriway Logistics BV for 2022. This is viewed as a ‘triggering event’ that increases the uncertainty in the estimates. Based on the facts and circumstances at the time the financial statements were prepared, it is assumed that the reduction in volume will be temporary and that the original business plan for the longer term remains intact. These are inherent uncertainties that go hand in hand with the valuation of intangible fixed assets. Predictions regarding revenue/margin improvements, discounting rates and input variables have become more uncertain.

As at the end of 2022, the realisable value of the goodwill was determined based on its value in use. This indicated that an impairment loss did not need to be recognised. The realisable value at the end of 2022 was calculated using a discount rate (WACC) of 11.9%. The cash flow forecasts were based on the latest five-year budgets approved internally by the management of Floriway Logistics BV and the shareholders, and a terminal value with a constant growth 1.5% rate. Neither a 10% reduction in the forecast operating cash flows nor a 10% increase in the WACC would give rise to an impairment loss.

Goodwill was recognised at the time of acquisition of the companies listed below:

	2022	2021
Blueroots BV	509	594
Floriway Logistics BV	10,755	12,004
Other	36	42
Total	11,300	12,640

Because the activities related to the acquired companies have been acquired for the long term, the estimated economic life of the goodwill is 10 years.

(2) Tangible fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	BALANCE AS AT 1 JANUARY	INVESTMENTS	TRANSFERS	DEPRECIATION AND IMPAIRMENT LOSSES	DISPOSALS	BALANCE AS AT 31 DECEMBER
Land						
Land	78,681	1,838	1,990	-	-5,286	77,222
Site facilities	27,084	4,450	3,525	-2,847	-2,827	29,384
Subtotals	105,765	6,288	5,514	-2,847	-8,113	106,606
Buildings	284,150	26,394	4,939	-31,173	-3	284,306
Equipment, packaging and logistic resources						
Equipment	25,824	4,686	3,869	-4,118	-225	30,037
Packaging and resources used in logistic processes	38,293	10,470	1,863	-8,276	-	42,349
Subtotals	64,117	15,156	5,732	-12,393	-225	72,386
Other fixed operating assets	43,262	4,102	1,311	-12,773	-341	35,561
Not used for business operations						
Land and buildings	62,619	73	208	-	2	62,902
Operating assets under development	21,688	19,042	-14,599	-	-	26,131
Subtotals	84,307	19,115	-14,392	-	2	89,033
2022 totals	581,601	71,054	3,104	-59,186	-8,680	587,892
2021 totals	605,372	36,519	-	-63,215	-10,307	568,368

	LAND	BUILDINGS	EQUIPMENT, PACKAGING AND LOGISTIC RESOURCES	OTHER FIXED OPERATING ASSETS	NOT USED FOR BUSINESS OPERATIONS	2022	2021
Cumulative purchase value	150,008	996,316	316,448	187,852	142,879	1,793,503	1,728,025
Cumulative depreciation and impairment losses	-43,402	-712,010	-244,062	-152,291	-53,846	-1,205,611	-1,146,424
Balance as at 31 December	106,606	284,306	72,386	35,561	89,033	587,892	581,601

Land not used for business operations is land reserved for sale to trading parties and/or third parties. The land kept available for sale to trading parties is held for future sale to customers of Royal FloraHolland in support of the central marketplace function.

Javado Vastgoed BV was sold in 2022. The land and building were sold to the buyer through a share transaction. The profit on the sale was €6.4 million.

As at the balance sheet date, the fair value of land and buildings not used for business operations was €132.4 million (2021: €125.8 million).

Operating assets under development refer to investments not yet in use as at the balance sheet date. Investments put into use during the year are assigned to the appropriate asset category via the 'transfers' column. Investments put into use in 2022 include the new Aalsmeer Oost Marginpar building, the new Aalsmeer Oost internal product lane, replacement lines 4 and 5 of the bucket washing facility at Rijnsburg, the order picking system at Naaldwijk (modifications to cold storage units) and the purchase of new auction trolleys.

Investments not yet put into use at the close of 2022 include the site preparation and construction of Aalsmeer Oost, spending on the reduction of diesel emissions and the construction of cold storage space at order-picking location O35 and general order-picking at Rijnsburg.

The carrying value of the land includes an amount of €5.2 million for a site of which Royal FloraHolland has no legal ownership. This concerns the land that Royal FloraHolland has leased to Plant Port 2 BV on which the Green Horti Center is located.

Tangible fixed assets are depreciated based on their estimated economic life.

(3) Financial fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	PARTICIPATING INTERESTS	OTHER RECEIVABLES	DEFERRED TAXES	2022	2021
Balance as at 1 January	10,949	4,474	3,987	19,410	17,652
Movements					
Investments	-	193	-	193	0
Disposals	-	-	-	-	-360
Profit/loss from participating interests	2,374	-	-	2,374	2,088
Dividend distribution	-3,121	-	-	-3,121	-2,286
Loans granted	-	-	-	-	53
Repayments	-	-99	-	-99	-57
Additions	-	-	6,033	6,033	4,724
Reclassifications	-	-	-	-	-737
Impairment losses	-1,470	-4,200	-	-5,670	0
Other movements	97	-53	12	56	-1,667
Balance as at 31 December	8,829	315	10,032	19,176	19,410

Deferred tax assets and liabilities within the group tax entity are presented on a net basis. As at 31 December 2022, this resulted in a deferred tax asset.

The deferred tax position originates on the one hand from deferred tax assets resulting from: (1) differences between the commercial and fiscal valuation of tangible fixed assets that reach fiscal salvage value and the reinvestment reserve formed on property; (2) tax deductible losses; and (3) the work anniversary provision and provision for CC containers, which are not admitted for tax purposes. On the other hand, the deferred tax position is also determined by deferred tax liabilities resulting from: (1) differences between the commercial and tax valuation of tangible fixed assets with regard to maintenance costs, which are recognised directly in the profit and loss account for tax purposes rather than being capitalised in the balance sheet; and (2) previously-formed tax provisions for major maintenance.

The deferred tax provision has been formed based on the current and future corporation tax rate of 25.8%. This provision has a term of more than one year.

The carrying value of the participating interests as at the balance sheet date is broken down as follows:

	2022	2021
FloriWorld BV	0	1,540
Plant Port I BV	2,974	2,988
Veiling Rhein Maas GmbH & Co KG	3,290	3,827
Plantion Holding BV	1,225	1,225
Other participating interests	1,340	1,369
Totals	8,829	10,949

Participating interests

During 2022 FloriWorld was closed to the general public. The management board of FloriWorld filed for bankruptcy after the reporting date. Royal FloraHolland has written off its participating interest in FloriWorld. The profit or loss from participating interests in the consolidated profit and loss account comprised a profit of €2.4 million (2021: €2.1 million profit).

Other receivables

This item includes loans to associated companies to the value of €316,000 (2021: €4.5 million). The fall was due to the write-off of the FloriWorld bonds. Loan components that must be repaid within 12 months after the financial year-end are included under current assets (€67,000). Loans totalling €122,000 have less than 5 years remaining to maturity (2021: €274,000) and loans totalling €193,000 have 5 years or longer to maturity (2021: €4.2 million).

Transactions with related parties

All transactions with participating interests were effected at arm's length. The related parties of Royal FloraHolland comprise the participating interests and 'other related parties'. Other related parties are: Personeelsvereniging Bloemenveiling FloraHolland, Stichting Seniorenclub FloraHolland Naaldwijk, Vereniging van Bloemenveilingen, Stichting Bloemenbureau Holland, Stichting de Groene Stad, Stichting derdengelden FloraXchange, Stichting Floricode, Stichting Goede Doelen FloraHolland, Stichting Hortipoint, Stichting Obligatiehouders Floriworld, Vereniging Bedrijventerrein locatie oost, Vereniging van Eigenaren VBA-Zuid terrein, Sierteelt Verpakkingspool CV, members of the Supervisory Board and the Management Board. The most common transactions with related parties are in the areas of financing, levies charged to growers and buyers, and salaries and general expenses.

Current assets

Receivables

(4) Trade receivables

All receivables included under trade receivables are due in less than one year.

(5) Other receivables, prepaid expenses and accrued income

	2022	2021
Taxes and social security contributions	1,902	670
Prepaid costs	10,655	8,353
Other receivables	716	6,764
Prepaid expenses and accrued income	812	571
Balance as at 31 December	14,085	16,358

Other receivables, prepaid expenses and accrued income are due in less than one year. The increase in taxes and social security contributions is primarily due to an increase in VAT receivable at the year-end. The increase in prepaid costs is primarily due to a higher number of prepayments than in 2021. The decrease in the 'Other receivables' item principally concerns a receivable of €1.8 million in relation to the sale of the Bleiswijk site. This amount was received during 2022. Prepaid expenses and accrued income have risen due to the addition of the Floriway Logistics BV entities to the scope of consolidation.

Group equity

(6) Equity

As at the balance sheet date, the cooperative's equity amounted to €207.4 million (2021: €214.3 million). The consolidated equity is identical to the company equity. Further information is provided in the notes to the company balance sheet.

(7) Minority interests*

	2022	2021
Balance as at 1 January	2,689	2,524
Movements		
Share in net profit/loss in financial year	-	447
Dividend distribution	-	-282
Movement due to sale of participating interests	-2,689	-
Balance as at 31 December	0	2,689

* 'Minority interests' refers to the minority interests held by third parties in Royal FloraHolland group companies. Following the sale of the holding in Javado in 2022, minority interests as at 31 December 2022 were zero. A list of legal entities is provided on page 156.

(8) Provisions

	2022	2021
Balance as at 1 January	5,775	7,268
Movements		
Additions	259	1,102
Withdrawals	-1,172	-1,518
Release	-	-340
Reclassification	-	-737
Balance as at 31 December	4,862	5,775

The remaining provisions comprise provisions for long-service payments (€3.4 million), restructuring expenses (€0.7 million), missing CC containers (€0.4 million) and long-term sick leave (€0.4 million).

The provision for missing CC containers was formed for the shortfall in CC containers found when the CC labels were replaced in early 2019. Most provisions have a term of more than one year.

Non-current liabilities

The balances stated under non-current liabilities for 'B' depositary receipts, 'C' depositary receipts and 'D' depositary receipts as at 31 December 2022 have a term of more than one year. Payouts to be made during 2023 have a term of less than one year, and are therefore recognised under current liabilities.

(9) 'B' depositary receipts

	2022	2021
Balance as at 1 January	227,334	233,002
Movements		
Capital contribution credits	25,282	26,878
Additional payouts during current financial year	-35,035	-28,736
Payouts in next financial year, recognised under current liabilities	-2,150	-3,810
Balance as at 31 December	215,431	227,334
Of which:		
Term < 1 year	2,150	3,810
Term >1 and <5 years	121,770	137,253
Term > 5 years	93,662	90,081
Total	217,582	231,144

Payout obligations within 12 months after the end of the financial year as shown in the table are recognised under current liabilities.

As in the previous year, the capital contribution consists of a contribution of 0.5% deducted from the product revenue of members and non-members. In 2022, the value of these capital contributions (spread over the 'A', 'B', and 'D' depositary receipts) totalled €27.5 million (2021: €29.4 million).

Article 17(4)(e) of the Articles of Association states that if the Risk-bearing Capital ratio exceeds the upper limit, the Council of Members can decide, on recommendation by the Management Board, to repay more than just the oldest annual instalment ahead of schedule. In June 2016 the General Members' Meeting decided to maintain the upper limit for the risk-bearing capital at 55%.

Credits against 'B' depositary receipts each year start earning interest from 1 January of the subsequent year.

In 2022, the Royal FloraHolland 2014 annual instalment was repaid early for a total of €35 million. No interest was paid in 2022 (2021: 0.0%). The total expected to be paid out to former members in 2023 is €2.2 million (2021: €3.8 million).

Article 17(4)(h) of the Articles of Association stipulates that 'B' depositary receipts are subordinated to all third-party claims against Royal FloraHolland.

(10) 'C' depositary receipts

	2022	2021
Balance as at 1 January	247	475
Movements		
Additional payouts during current financial year	–	–
Payouts in next financial year, recognised under current liabilities	–309	–331
Other movements	106	103
Balance as at 31 December	44	247
Of which:		
Term < 1 year	309	331
Term >1 and <5 years	44	247
Term > 5 years	–	–
Total	353	578

Payout obligations within 12 months after the end of the financial year as shown in the table are recognised under current liabilities.

The amounts paid in for 'C' depositary receipts are repayable after five years. The interest rate paid in 2022 was 0.5% (2021: 0.5%).

Article 17(5) of the Articles of Association stipulates that 'C' depositary receipts are subordinated to all claims against Royal FloraHolland by third-parties and holders of 'B' depositary receipts.

(11) 'D' depositary receipts

	2022	2021
Balance as at 1 January	3,193	5,898
Movements		
Capital contribution credits	448	444
Additional payouts during current financial year	–411	–2,611
Payouts in next financial year, recognised under current liabilities	–3	–538
Balance as at 31 December	3,227	3,193
Of which:		
Term < 1 year	3	538
Term >1 and <5 years	1,653	1,597
Term > 5 years	1,574	1,596
Total	3,230	3,731

Payout obligations within 12 months after the end of the financial year as shown in the table are recognised under current liabilities.

Credits against 'D' depositary receipts each year start earning interest from 1 January of the subsequent year. In 2022, the Royal FloraHolland 2014 annual instalment was repaid early for a total of €382,000. No interest was paid in 2022 (2021: 0.0%). The total expected to be paid out to former non-member holders in 2023 is €3,000 (2021: €538,000).

Article 17(5) of the Articles of Association stipulates that 'D' depositary receipts are subordinated to all claims against Royal FloraHolland by third-parties and holders of 'B' depositary receipts.

(12) Long-term bank loans and Other liabilities

	LONG-TERM BANK LOANS	FINANCIAL LEASE OBLI- GATIONS	OTHER LIA- BILITIES	2022	2021
Balance as at 1 January	9,679	5,739	5,862	21,280	3,759
Movements					
Repayments	-	-1,345	-477	-1,822	-280
Addition	370	-	-	370	-280
Other movements	-3,759	-	-	-3,759	18,081
Balance as at 31 December	6,290	4,394	5,385	16,069	21,280

The long-term bank loans as at 31 December 2022 mature on 1 January 2028. Repayment obligations within 12 months after the end of the financial year are recognised under current liabilities. The reduction in long-term bank loans was caused by the sale of Javado. For a bank loan to one group company, the shares in the company concerned have been pledged by the intermediate holding company, together with the operating assets and receivables. The average interest rate is 4.6%.

Current liabilities

All current liabilities are due in less than one year.

(13) Credit institutions and cash and cash equivalents

This includes the credit facility with the banks. In 2017, Royal FloraHolland arranged refinancing whereby a syndicate of banks provided a credit facility for a total of €195 million, comprising €75 million of revolving credit and a €120 million facility for short-term loans of one, three or six months. In 2019 the term of the credit facility was extended to September 2024. At year-end 2022, none of this facility was utilised. The main conditions for the availability of this credit facility are that the leverage ratio (net debt/EBITDA) must not exceed 3.5 (over a 12-month period), and the risk-bearing capital must be at least 35%. These two ratios are measured and reported twice per year. As at 31 December 2022, Royal FloraHolland satisfied the requirements for both of these ratios as agreed in the bank covenant. This credit facility is unsecured.

Floriway Logistics BV had an overdraft facility of €5 million, of which €3.3 million was drawn down as at 31 December 2022. For the bank loan and credit facility provided to Floriway Logistics BV, the shares in Floriway Logistics BV have been pledged by the intermediate holding company, together with the operating assets and receivables. Following the amendment of the bank loan and overdraft facility are revised covenants and financial commitments agreed with effectuation from February 2023. The bank waived its rights under the previous agreements in respect of ratio breaches in 2022. The cash and cash equivalents are at the free disposal of the legal entity.

The cash and cash equivalents are at the free disposal of the legal entity.

(14) Debts and repayment obligations to members/non-members

Debts to members/non-members include the product revenue for 27, 28, 29 and 30 December 2022 that was yet to be paid out. In 2021, these debts included the product revenue for 27, 28, 29, 30 and 31 December that was yet to be paid out. The repayment obligations to members/non-members include the 2022 repayment obligation for 'A', 'B', 'C' and 'D' depositary receipts plus closing balances on participation reserves.

(15) Refundable deposits

There is a release each year of the outstanding deposit refund liabilities for the reusable packaging as at the balance sheet date. The release percentage for the financial year 2022 has been set at 1.7%, the same as in 2021.

(16) Other liabilities, accrued expenses and deferred income

	2022	2021
Taxes and social security contributions	8,133	15,823
Annual leave and holiday allowance	13,516	13,558
Interest expense payable to banks and on members' loans	233	833
Accrued expenses and deferred income	1,020	6,527
Other liabilities	52,255	47,196
Balance as at 31 December	75,157	83,937

The reduction in taxes and social security contributions results primarily from the difference in the commercial and tax carrying values of tangible fixed assets. As at 31 December 2021, €9.2 million in corporation tax was payable as a result of the annual profit for 2021.

The increase in other liabilities is due to the fact that the amount for pending invoices at 31 December 2022 was higher than at 31 December 2021.

(17) Financial instruments and risk management

General information

The information provided in these notes is intended as an aid to estimating the extent of the risks associated with the financial instruments presented in the balance sheet, as well as those not presented in the balance sheet.

Aside from derivatives, the group's primary financial instruments serve to finance the group's operating activities or result directly from these activities. The group also transacts in derivatives (solely interest-rate swaps) to hedge the interest-rate risk arising from the group's financing activities. Group policy is not to trade in financial instruments for speculative purposes.

The principal risks related to the group's financial instruments are the interest-rate risk, credit risk and liquidity risk. The group policy pursued in order to manage these risks is described in the following sections.

Interest-rate risk

The interest-rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest-rate risk is subdivided into a fair value interest-rate risk and a cash flow interest-rate risk. The fair value interest-rate risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in the market interest rate. The cash flow interest-rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rate.

Receivables and liabilities with variable interest rate agreements expose Royal FloraHolland to risks concerning future cash flows. Because Royal FloraHolland has no receivables and liabilities valued at fair value, it therefore incurs no risks regarding the fair value of fixed-interest receivables and liabilities due to changes in market interest rates.

Royal FloraHolland has no major financial assets exposed to fair value interest-rate risk, and other than cash and cash equivalents, it has no major financial assets exposed to a cash flow interest-rate risk. Therefore, no financial derivatives are contracted to hedge the interest-rate risk of the group's receivables.

The exposure of the group to cash flow interest-rate risk due to fluctuations in market interest rates is mainly related to the variable interest rates on the group's non-current liabilities. The interest-rate risk arising from the variable interest rate on the 'B' depositary receipts and the bank loan to a group company are not hedged by means of interest-rate swaps. Given the current balance of the credit facility, the cash flow interest-rate risk of a 1% rise in the Euribor rate equates to €0.1 million.

In addition, intra-group financing gives rise to a cash flow interest-rate risk due to long-term loans at variable interest rates. As at 31 December 2022, the proportion of loans with a variable interest rate related to group financing was 100% (2021: 100%).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligations, causing the other party to incur a financial loss. Royal FloraHolland's counterparties in derivative and liquidity transactions are restricted to financial institutions with high creditworthiness.

The services of Royal FloraHolland are spread across a large group of customers, thus avoiding any undesirable concentration of trade receivables.

To manage the risk of irrecoverable trade receivables, this position is continuously monitored. Parties that purchase services from Royal FloraHolland are assessed in advance as to their creditworthiness. Based on the outcome of this assessment, the customer is

permitted to purchase certain services, in respect of which it may be asked to provide certain collateral to limit the risk of bad debts. The majority of trade receivables are covered by bank guarantees, bonds and a credit insurance policy covering Royal FloraHolland clock auction and Connect purchases. As at 31 December 2022, Royal FloraHolland holds a total of €47.5 million in bank guarantees and security deposits (as at 31 December 2021: €41.3 million).

As at 31 December 2022, trade receivables totalled €47.7 million (31 December 2021: €41.6 million). This amount is net of a provision for doubtful debtors of €0.5 million.

Expected credit losses are valued based on all possible situations and developments that could cause the debtor to default at any time over the expected total life of the receivable. In addition, the valuation of credit losses is based on information obtainable at reasonable cost and effort on current developments and forecasts related to the market and important trading relationships. Receivables from debtors who are deemed insolvent or who have applied for suspension of payments are provided for in full, as are receivables that are more than 90 days overdue.

The group assumes the full credit risk of members and suppliers by guaranteeing weekly payment for the products they sell and supply, but solely in the event that invoicing and collection are carried out by Royal FloraHolland and provided that the members and suppliers have complied with the applicable conditions of the Auction Regulations. The group has drawn up guidelines to limit the size of the credit risk for each financial institution and debtor. The credit risk insurance policy covers 90% of the receivables risk, with a retention of €250,000. The group also continuously monitors its receivables and applies a strict reminder procedure. The measures outlined above mitigate the credit risk to the group to the maximum extent possible.

Liquidity risk

Liquidity risk is the risk that Royal FloraHolland will have difficulty raising the funds necessary to fulfil its short-term liabilities. For Royal FloraHolland, prudent management of the liquidity risk means holding sufficient cash and cash equivalents, and ensuring adequate financing headroom in the form of promised and committed credit facilities.

The bank covenant contains further agreements with credit institutions on the creditworthiness ratios of Royal FloraHolland. No assets have been pledged as security for the credit facility. For the bank loan and credit facility provided to Floriway Logistics BV, the shares in Floriway Logistics BV have been pledged by the intermediate holding company, together with the operating assets and receivables.

Royal FloraHolland and its group companies prepare liquidity plans on a regular basis. In the intervening period, liquidity risks are managed through monitoring and corrective action where necessary. The liquidity plans take account of the limited availability of cash and cash equivalents, including bank guarantees and the possibility of accelerated refunding of packaging deposits, which are classified as current liabilities. An explanation of the liquidity risks of interest-rate swaps, if there are any, is provided below under 'Fair value of derivatives'. An explanation of the credit facility and related covenants is provided in the note on non-current liabilities, see note 13 of the consolidated financial statements.

Fair value of derivatives

The fair value of the interest-rate swaps used to hedge the interest-rate risk on variable-rate long-term liabilities is determined by discounting the expected future cash flows from these interest-rate swaps using the zero coupon curve.

As at the financial year-end, the group had no interest-rate swap contracts outstanding. In 2022, the group received a market interest rate equal to 6-month Euribor on the €2.4 million nominal value of its one interest-rate swap (2021: €2.6 million) and paid 1.03% on that nominal amount. This swap agreement was entered into on 1 July 2016 and was terminated as of 19 September 2022, as the loan had been fully repaid.

(18) Off-balance sheet assets, obligations and arrangements

	31 December 2022				31 December 2021			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Investment obligations	24,912	604	630	26,146	32,470	360	990	33,820
Operating lease obligations	1,979	4,537	4,207	10,723	1,324	2,734	243	4,301
Lease obligations	1,547	297	–	1,844	1,653	703	–	2,356
Guarantees	1,672	–	–	1,672	1,774	–	–	1,774
Total	30,110	5,438	4,837	40,385	37,221	3,797	1,233	42,251

Obligations pertaining to investments and leases are in line with 2021. Operating lease obligations rose by €6.4 million compared to 2021, mainly due to major new obligations entered into in respect of solar panels at Rijnsberg and Aalsmeer.

As at 31 December 2022, Royal FloraHolland had issued bank guarantees for an amount of €1.7 million (2021: €1.8 million).

In addition, several claims have been filed against Royal FloraHolland and there are also pending disputes.

Current and former employees at the Aalsmeer site may have been exposed to asbestos. No concrete cases of exposure are known at this time, and no claims have been made to date. Since the conditions have not been met, no provision for potential claims has been formed.

All claims are being contested. Where necessary and relevant, Royal FloraHolland has obtained legal advice concerning the claims and disputes. However, the outcome of the negotiations and/or proceedings cannot be predicted with any certainty.

(19) Notes to the statement of cash flows

The investments in tangible fixed assets include only those investments that caused an outflow of cash resources in 2022.

Notes to the consolidated profit and loss account for 2022

(amounts x €1,000 unless stated otherwise)

Product revenues

(x €1 million)	2022	2021
Total clock auction revenue	2,045	2,220
Direct sales revenue	3,121	3,407
Total product revenues of Royal FloraHolland	5,166	5,627

Royal FloraHolland’s clock auction revenue accounted for 39.6% of total product revenue in 2022 (2021: 39.5%).

The share of direct sales revenue in 2022 was 60.4% (2021: 60.5%). In 2022, Royal FloraHolland members generated total product revenue of €4,872 million (2021: €5,323 million), while other suppliers generated total product revenue in 2022 of €294 million (2021: €304 million).

Members can use the Temporary Exemption from Member Obligations (TEMO) scheme, on which Royal FloraHolland charges commission. In 2022, members retrospectively paid TEMO commission to Royal FloraHolland on €331 million of non-auction product revenue (2021: €249 million).

Operating income

(20) Miscellaneous revenue

The miscellaneous revenue booked in 2022 was €28.3 million (2021: €29.0 million). This item includes the result on the sale of land and buildings (€6.4 million), information services (€7.1 million), other income (€4.3 million), quality assurance services (€3.3 million), facility services (€3.2 million), brokerage services (€2.0 million) and administrative services (€2.0 million).

Operating expenses

(21) Wages and salaries

	2022	2021
Group employees' salaries	132,795	120,028
External personnel	50,104	29,640
	182,899	149,668

Wages and salaries came to €182.9 million in 2022 (2021: €149.7 million). The increase is due to the addition of the Floriway Logistics BV entities to the scope of consolidation.

Compensation paid to the Supervisory Board and remuneration paid to the Management Board

The compensation paid to members of the Supervisory Board and the remuneration paid to members of the Management Board are based on the amounts charged to the profit and loss account in the financial year.

The compensation for the Supervisory Board (nine persons) amounted to €518,500 (2021: €392,000). This compensation for their work is a fixed sum.

The Chair of the Supervisory Board is paid €40,000 per year plus €90,000 to cover the cost of a replacement for their duties in their own production business. The Vice Chair is paid €43,500 per year. The ordinary members are paid €40,000 per year. For participation in committees, a committee chair is paid €10,000 and members are paid €5,000 per year. Supervisory Board members also receive a fixed allowance for travel and accommodation costs of €2,500 per year paid in quarterly instalments. The Chair of the Supervisory Board claims the actual travel and accommodation expenses. The cooperative bears the costs of any training or consultancy provided to members of the Supervisory Board. No training costs were paid to the members of the Supervisory Board in 2022.

Fixed and variable remuneration paid to the two members of the Management Board totalled € 1.4 million before tax in 2022 (2021: €1.3 million). This figure included variable remuneration totalling €297 thousand gross payable to the two members. This is their variable remuneration for the year 2022, which will be paid in 2023. The variable remuneration paid to S. van Schilfgaarde is 28% of his fixed salary, and for D. van Mechelen the variable component is 28% of his fixed salary.

Management remuneration*	2022	2021	2022	2021	2022	2021	2022	2021
	FIXED	FIXED	VARIABLE	VARIABLE	PENSION	PENSION	TOTAL	TOTAL
D. van Mechelen	460	453	129	76	23	22	612	551
S. van Schilfgaarde	595	554	168	187	20	20	783	761
	1,055	1,007	297	263	43	42	1,395	1,312

* This table excludes the employer's portion of other social security costs payable by Royal FloraHolland. The employer's portion of other social security costs (excluding pension contributions) paid for D. van Mechelen in 2022 was €13,000 (2021: €13,000); for S. van Schilfgaarde, it was €13,000 (2021: €13,000). The fixed portion of the remuneration for the two members of the Management Board is made up of their gross salary, holiday bonus and pension contributions.

Average numbers of employees and FTEs

	2022	2021	2022	2021
	AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF FTEs	AVERAGE NUMBER OF FTEs
Operations	2,006	1,962	1,345	1,388
Commercial	437	466	380	404
Support services	381	309	361	292
Royal FloraHolland	2,824	2,736	2,086	2,084
Group companies*	542	463	464	394
	3,366	3,199	2,550	2,478

* Including 37 employees (37 FTEs) working abroad.

(22) Depreciation, amortisation and impairments

	2022	2021
Intangible fixed assets	15,123	25,573
Tangible fixed assets	59,186	63,215
Financial fixed assets	5,742	-
	80,051	88,788

(23) Other operating expenses

Expenses charged to the group in the financial year for the services of the external auditor, the firm of accountants and the entire network to which this firm of accountants belongs, are as follows:

	2022	2021	2022	2021	2022	2021
Accountant's fees	PWC NEDERLAND	PWC NEDERLAND	PWC OTHER (NETWORK)	PWC OTHER (NETWORK)	TOTAL	TOTAL
Audit of the financial statements	462	496	17	19	479	515
Other audit engagements	13	44	21	29	34	73
Tax consultancy services	-	-	10	25	10	25
	475	540	48	73	523	613

The fees stated above for the audit of the financial statements are based on the total fees for the audit of the financial statements, regardless of whether the activities had already been carried during the financial year.

(24) Corporation tax

	2022	2021
Based on profit/loss for financial year	-3,852	-8,916
Corrections to previous years	-	-75
Movement in deferred tax	6,033	4,725
	2,181	-4,266

Tax burden	2022	2021
Applicable tax rate	25.8%	25.0%
Effective tax rate	32.8%	39.5%

The numerical reconciliation between the applicable and effective tax rate is as follows:

Operating profit/loss before tax	-9,015	
Profit/loss from participating interests	2,362	
Profit/loss before tax	-6,653	
Corporation tax based on applicable tax rate	1,716	25.8%
Differences due to differences in tax rates and disallowed expenses	465	7.0%
Corporation tax based on effective tax rate	2,181	32.8%

The difference between the effective tax rate and the applicable rate in 2022 is mainly the result of differences between the taxable profit and accounting profit that arise due to the restriction under tax rules on the depreciation of property, the fact that maintenance costs are treated as expenses rather than being capitalised in the balance sheet, and the provision for major maintenance that was formerly permitted for tax purposes.

(25) Events after the balance sheet date

To the best of our knowledge, there have been no events between the balance sheet date and the date of signing the financial statements that could give rise to an adjustment to the financial statements, an explanatory note in the financial statements or in the other information. All events after the balance sheet date for which Title 9 Book 2 of the Dutch Civil Code requires adjustment or disclosure have been recognised or disclosed.

Company balance sheet as at 31 December 2022

(After proposed appropriation of profit or loss [amounts x €1,000])

Assets

	Note	2022	2021
Fixed assets			
Intangible fixed assets	(26)	45,019	39,717
Tangible fixed assets	(27)		
Land		106,069	98,880
Buildings		283,164	281,277
Equipment, packaging and logistic resources		72,176	64,095
Other fixed operating assets		23,335	29,022
Not used for business operations		89,032	84,308
		573,776	557,582
Financial fixed assets	(28)		
Participating interests in group companies		2,275	16,891
Other receivables		4,146	235
Deferred taxes		10,032	3,999
		16,453	21,125
Current assets			
Inventories		795	575
Receivables			
Trade receivables	(29)	43,206	38,247
Receivables from group companies		10,541	9,625
Receivables from participating interests		2,563	2,618
Other receivables, prepaid expenses and accrued income	(30)	11,718	14,057
		68,028	64,547
Cash and cash equivalents		18,128	45,146
Total		722,199	728,691

Liabilities

	Note	2022	2021
Equity	(31)		
General reserve		105,700	116,410
Legal entities reserve		2,634	2,634
'A' depositary receipts		48,630	48,418
Final balance		2,362	4,881
Statutory reserve		47,983	41,948
		207,309	214,291
Provisions	(32)		
Provision for deferred tax		538	538
Other provisions		4,176	5,113
		4,714	5,651
Non-current liabilities			
'B' depositary receipts*	(9)	215,431	227,334
'C' depositary receipts*	(10)	44	247
'D' depositary receipts*	(11)	3,227	3,193
		218,702	230,774
Current liabilities			
Debts to members/non-members	(14)	78,171	66,988
Repayment obligations to members/ non-members	(14)	6,431	8,900
Debts to group companies		44	52
Accounts payable		36,951	24,317
Refundable deposits	(15)	100,008	100,125
Other liabilities, accrued expenses and deferred income	(33)	69,869	77,595
		291,474	277,975
Total		722,199	728,691

* Subordinated loans: the risk-bearing capital is the equity plus the sum of these loans. At year-end 2022 the risk-bearing capital was €423.4 million (2021:€445.1 million).

Company profit and loss account for 2022

(amounts x €1,000)

	2022	2021
Company profit/loss after tax	-3,787	12,818
Profit/loss from participating interests after tax	-685	-6,273
Profit/loss after tax	-4,472	6,545

Notes to the company accounts for 2022

General notes

The accounting policies for valuation and determination of company profit or loss are the same as those for the consolidated financial statements. Information on the accounting policies is provided in the notes to the consolidated financial statements. The notes to the 2022 company financial statements describe only those items where the amounts differ from the amounts in the consolidated balance sheet.

The presentation of the company profit and loss account makes use of the exemptions stated in Article 2:402 of the Dutch Civil Code.

Notes to the company balance sheet as at 31 December 2022

(amounts x €1,000)

Fixed assets

(26) Intangible fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	2022	2021
Balance as at 1 January	39,717	39,776
Movements		
Investments	18,613	19,045
Transfers	-82	-
Amortisation	-13,229	-11,272
Disposals	-	-
Corrections	-	-1,416
Impairment losses	-	-6,416
Balance as at 31 December	45,019	39,717
Cumulative purchase value	92,084	73,554
Cumulative amortisation and impairment losses	-47,065	-33,837
Balance as at 31 December	45,019	39,717

Investments concerned the development of new software and the further development of existing software.

(27) Tangible fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	BALANCE AS AT 1 JANUARY	INVESTMENTS	TRANSFERS	DEPRECIATION AND IMPAIRMENT LOSSES	DISPOSALS	BALANCE AS AT 31 DECEMBER
Land						
Land	71,797	1,838	1,989	-	-	75,623
Site facilities	27,083	4,450	1,760	-2,847	-	30,446
Subtotals	98,880	6,288	3,748	-2,847	-	106,069
Buildings	281,277	26,324	6,703	-31,140	-	283,164
Equipment, packaging and logistic resources						
Equipment	25,813	4,682	3,849	-4,092	-225	30,025
Packaging and resources used in logistic processes	38,282	10,470	1,675	-8,276	-	42,151
Subtotals	64,095	15,151	5,523	-12,366	-225	72,176
Other fixed operating assets	29,022	2,119	1,501	-9,307	-	23,335
Not used for business operations						
Land and buildings	62,619	73	209	-	-	62,900
Operating assets under development	21,689	19,042	-14,599	-	-	26,132
Subtotals	84,308	19,115	-14,391	-	-	89,031
2022 totals	557,582	68,996	3,083	-55,661	-225	573,776
2021 totals	595,200	36,417	-	-62,957	-10,307	557,583

	LAND	BUILDINGS	EQUIPMENT, PACKAGING AND LOGISTIC RESOURCES	OTHER FIXED OPERATING ASSETS	NOT USED FOR BUSINESS OPERATIONS	2022	2021
Cumulative purchase value	148,724	990,801	309,397	171,625	127,903	1,748,450	1,676,596
Cumulative depreciation and impairment losses	-42,654	-707,637	-237,221	-148,291	-38,871	-1,174,674	-1,119,013
Balance as at 31 December	106,069	283,164	72,176	23,335	89,032	573,776	557,583

Land not used for business operations is land reserved for sale to trading parties and/or third parties. The land kept available for sale to trading parties is held for future sale to customers of Royal FloraHolland in support of the central marketplace function.

As at the balance sheet date, the fair value of land and buildings not used for business operations was €132.4 million (2021: €125.8 million).

Operating assets under development refer to investments not yet in use as at the balance sheet date. Investments put into use during the year are assigned to the appropriate asset category via the 'transfers' column. Investments put into use in 2022 include the new Aalsmeer Oost Marginpar building, the new Aalsmeer Oost internal product lane, replacement lines 4 and 5 of the bucket washing facility at Rijnsburg, the order picking system at Naaldwijk (modifications to cold storage units) and the purchase of new auction trolleys.

Investments not yet put into use at the close of 2022 include the site preparation and construction of Aalsmeer Oost, spending on the reduction of diesel emissions and the construction of cold storage space at order-picking location 035 and general order-picking at Rijnsburg.

The carrying value of the land includes an amount of €5.2 million for a site of which Royal FloraHolland has no legal ownership. This concerns the land that Royal FloraHolland has leased to Plant Port 2 BV on which the Green Horti Center is located.

Tangible fixed assets are depreciated based on their estimated economic life.

(28) Financial fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	PARTICIPATING INTERESTS IN GROUP COMPANIES	OTHER RECEIVABLES	DEFERRED TAXES	2022	2021
Balance as at 1 January	16,891	234	3,999	21,124	23,528
Movements					
Profit/loss from participating interests	-684	-	-	-684	-6,273
Liquidation of participating interests	-	-	-	-	-
Dividend distribution	-13,732	-	-	-13,732	-2,247
Other direct equity movements	-200	-	-	-200	3,921
Loans granted	-	4,024	-	4,024	54
Repayments	-	-59	-	-59	-57
Other movements	-	-53	6,033	5,980	2,199
Balance as at 31 December	2,275	4,146	10,032	16,453	21,125

The carrying value of the participating interests as at the balance sheet date is broken down as follows:

	2022	2021
Sivepo CV	48	48
RFH Holding BV	2,227	16,843
Totals	2,275	16,891

Participating interests in group companies

Royal FloraHolland holds 100% of the shares in the intermediate holding company RFH Holding BV, which in turn holds 100% of the shares in RFH Deelnemingen Holding BV, RFH Diensten Holding BV, RFH Vastgoed Holding BV and RFH Logistics Holding BV. The other subsidiaries and participating interests are each held by the intermediate holding company for the entity concerned. Royal FloraHolland also holds 100% of the shares in Sierteelt Verpakkingspool CV.

A list of legal entities is provided on page 156.

Other receivables

This item includes loans to associated companies to the value of €4.1 million (2021: €0.2 million). These loans bear an average interest rate of Euribor + 5% (2021: + 1.5%). The loans have a term of more than one year, but less than five years.

Transactions with related parties

All transactions with group companies and participating interests were effected at arm's length. The related parties of Royal FloraHolland comprise the participating interests and 'other related parties'. Other related parties are: Personeelsvereniging Bloemenveiling FloraHolland, Vereniging van Bloemenveilingen Nederland, Stichting Bloemenbureau Holland, Stichting de Groene Stad, Stichting derdengelden FloraXchange, Stichting Floricode, Stichting Goede Doelen FloraHolland, Stichting Hortipoint, Stichting Obligatiehouders Floriworld, Vereniging Bedrijventerrein locatie oost, Vereniging van Eigenaren VBA-Zuid terrein, Sierteelt Verpakkingspool CV, members of the Supervisory Board and the Management Board. The most common transactions with related parties are in the areas of financing, levies charged to growers and buyers, and salaries and general expenses.

Current assets

Receivables

(29) Trade receivables

All receivables included under trade receivables are due in less than one year.

(30) Other receivables, prepaid expenses and accrued income

	2022	2021
Taxes and social security contributions	772	–
Prepaid costs	10,373	8,353
Other receivables	473	5,133
Prepaid expenses and accrued income	100	572
Balance as at 31 December	11,718	14,057

Other receivables, prepaid expenses and accrued income are due in less than one year. The increase in prepaid costs is primarily due to a higher number of prepayments than in 2021. The decrease in the 'Other receivables' item principally concerns a receivable of €1.8 million in relation to the sale of the Bleiswijk site. This amount was received during 2022.

(31) Equity

General reserve	2022	2021
Balance as at 1 January	116,410	114,958
Movements		
Movement in statutory reserve	-6,023	-472
Movement in equity	-215	-1,349
Transfer of profit/loss from current financial year	-4,472	3,273
Balance as at 31 December	105,700	116,410

The change in equity of €0.2 million primarily results from corrections to the opening equity of participating interests.

In anticipation of adoption by the Council of Members, the profit after tax for the 2022 financial year is booked as follows:

	2022	2021
Withdrawal from/addition to general reserve	-4,472	3,273
Payable to members*	-	3,272
Total profit/loss after tax	-4,472	6,545

* The sum to be paid out to members is after deduction of a limited amount for addition to 'A' depositary receipts, if these are not yet fully paid up.

Legal entities reserve

The legal entities reserve of €2.6 million as at 31 December 2022 (2021: €2.6 million), referred to in Article 35 of the Articles of Association, was formed in previous years from the corporation tax encumbrance settled with member legal entities. This was because reimbursements of auction commission to member legal entities were not tax deductible. No movement occurred during the financial year.

'A' depositary receipts	2022	2021
Balance as at 1 January	48,418	47,824
Movements		
Capital contribution credits	1,731	2,070
Addition of allocated profit	-	284
Additional payouts during current financial year	-80	-273
Payouts in next financial year, recognised under		
current liabilities	-1,471	-1,487
Other movements	32	-
Balance as at 31 December	48,630	48,418

Under the Articles of Association, Article 40 'Transitional provisions 2016', clause 1 'Participation Reserve', with effect on 31 December 2016 a credit balance in the participation account of a member was used to fully pay up their 'A' depositary receipt. If the credit balance was greater than €20,000, the excess credit balance was added to the 'final balance'. The participation credits as at 31 December 2016 comprised the 1997-2015 credits for Bloemenveiling Aalsmeer and the 1997-2015 credits of the former FloraHolland.

Article 17, paragraph 3rd of the articles of association stipulates that the amount credited to the A depositary receipts are distributable before the adoption of the financial statements for the third financial year after that in which the member's membership ended, subject to the condition that the general meeting, on the proposal of the Management Board, resolves to make payable the A depositary receipts that are eligible for payment under these articles of association.

Final balance	2022	2021
Balance as at 1 January	4,881	7,699
Movements		
Additional payouts during current financial year	-	-39
Payouts in next financial year, recognised under		
current liabilities	-2,496	-2,735
Other movements	-23	-44
Balance as at 31 December	2,362	4,881

The closing balance of a member or former member shall be distributed to that member or former member in eight equal annual instalments, subject to the condition that the general meeting, on the proposal of the management board, in each case as part of the adoption of the financial statements for the previous financial year, resolves to distribute and make payable that instalment.

Statutory reserve	2022	2021
Balance as at 1 January	41,948	41,455
Movements		
Translation differences	12	21
Transfer from general reserve - participating interests	721	530
Transfer from general reserve - intangible fixed assets	5,302	-58
Balance as at 31 December	47,983	41,948

The legal reserve was formed for conversion differences on participations in foreign currencies (€12,000), retained profits of participations (€0.7 million) and development costs recognised under intangible assets (€5.3 million).

Changes in the value of participating interests due to conversion of the invested capital and profit or loss from the foreign currency to euros are recognised in the translation differences reserve. The participating interests reserve is formed for participating interests valued at net asset value, and in which Royal FloraHolland has no controlling interest. The reserve for intangible fixed assets is formed for capitalised software, as this can generally be regarded as development costs. The portion of the statutory reserve attributable to participating interests is equal to the change in value of the participating interests based on the share in the profit or loss of the participating interests, net of any dividend distribution. For intangible fixed assets, the attributable portion equals the historical cost net of amortisation.

(32) Provisions

	OTHER PROVISIONS	2022	2021
Balance as at 1 January	5,651	5,651	6,856
Movements			
Additions	149	149	966
Withdrawals	-1,086	-1,086	-1,831
Release	-	0	-340
Balance as at 31 December	4,714	4,714	5,651

Deferred tax assets and liabilities within the group tax entity are presented on a net basis. As at 31 December 2022, this resulted in a deferred tax asset.

The deferred tax position originates on the one hand from deferred tax assets resulting from: (1) differences between the commercial and fiscal valuation of tangible fixed assets that reach fiscal salvage value and the reinvestment reserve formed on property; (2) tax-deductible losses; and (3) the work anniversary provision and provision for CC containers, which are not admitted for tax purposes. On the other hand, the deferred tax position is also determined by deferred tax liabilities resulting from: (1) differences between the commercial and tax valuation of tangible fixed assets with regard to maintenance costs, which are recognised directly in the profit and loss account for tax purposes rather than being capitalised in the balance sheet; and (2) previously formed tax provisions for major maintenance.

The deferred tax provision has been formed based on the current and future corporation tax rate of 25.8%. This provision has a term of more than one year.

The restructuring provision relates to a change in the logistics process, with a transition being made from the current supply-driven distribution process to a demand-driven order picking process.

The remaining provisions comprise provisions for long-service payments (€3.4 million), restructuring expenses (€0.5 million), missing CC containers (€0.4 million) and long-term sick pay (€0.4 million). The provision for missing CC containers was formed for the shortfall in CC containers found when the CC labels were replaced in early 2019. Most provisions have a term of more than one year.

Current liabilities

(33) Other liabilities, accrued expenses and deferred income

	2022	2021
Taxes and social security contributions	5,538	6,410
Annual leave and holiday allowance	12,611	13,558
Interest expense payable to banks and on members' loans	–	833
Accrued expenses and deferred income	–	9,594
Other liabilities	51,720	47,200
Balance as at 31 December	69,869	77,595

All debts, accrued expenses and deferred income are due in less than one year.

The decrease in accrued expenses and deferred income is due to an amount of €7.9 million repayable as at 31 December 2021 to UWV (the national employment insurance agency). This sum was paid in advance to Royal FloraHolland under the temporary NOW scheme (coronavirus emergency bridging financing for employers), but Royal FloraHolland was subsequently found to be ineligible for an allowance under the scheme. The increase in other liabilities is due to the fact that the amount for pending invoices at 31 December 2022 was higher than at 31 December 2021.

(34) Financial instruments

Information on the financial instruments is provided in the notes to the consolidated financial statements.

(35) Off-balance sheet assets, obligations and arrangements

	31 December 2022				31 December 2021			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Investment obligations	24,736	–	–	24,736	31,690	–	–	31,690
Operating lease obligations	1,961	4,502	4,207	10,670	1,306	2,681	243	4,230
Lease obligations	892	258	–	1,150	913	704	–	1,617
Guarantees	1,673	–	–	1,673	1,774	–	–	1,774
Total	29,262	4,760	4,207	38,229	35,683	3,385	243	39,311

Obligations pertaining to investments and leases are in line with 2021. Operating lease obligations rose by €6.4 million compared to 2021, mainly due to major new obligations entered into in respect of solar panels at Rijnsberg and Aalsmeer.

As at 31 December 2022, Royal FloraHolland had issued bank guarantees for an amount of €1.7 million (2021: €1.8 million).

In addition, several claims have been filed against Royal FloraHolland and there are also pending disputes.

Current and former employees at the Aalsmeer site may have been exposed to asbestos. No concrete cases of exposure are known at this time, and no claims have been made to date. Since the conditions have not been met, no provision for potential claims has been formed.

All claims are being contested. Where necessary and relevant, Royal FloraHolland has obtained legal advice concerning the claims and disputes. However, the outcome of the negotiations and/or proceedings cannot be predicted with any certainty.

Group tax entity

For corporation tax purposes, in 2022 Coöperatie Royal FloraHolland UA constituted a group tax entity with its subsidiaries RFH Vastgoed Holding BV, Siervast BV, RFH Holding BV, RFH Logistics Holding BV, Sierteelt Verpakkingspool CV, FH Diensten Holding BV, Sierteelt Verpakkingspool BV, Flowerdome BV, FH Flowercombination BV and FH Deelnemingen Holding BV. Corporation tax payable is attributed to the legal entity to which the position applies. In addition, the following directly held Dutch subsidiaries are separately liable to corporation tax: Caac BV, Plantion Holding BV, FloraXchange BV, Trias Westland BV, Plant Port1 BV, Floriworld BV and FloraXchange Services BV. This is also the case for the previously established group holding company Floriway Logistics BV (formerly: Floriway BV / Logistiek2 BV) and its logistics subsidiaries. For the purposes of value added tax, Coöperatie Royal FloraHolland UA constitutes a group tax entity with its subsidiary companies FH Diensten Holding BV, FloraHolland Flower Combination BV, Flowerdome BV, and Siervast BV. Each of the entities within the group tax entity is jointly and severally liable for the debts of the entire group tax entity. Floriway Logistics BV is currently a separate enterprise for VAT purposes, as are a number of its logistics subsidiaries.

Aalsmeer, 15 March 2023

Steven van Schilfgaarde
CEO, Royal FloraHolland

David van Mechelen
CFO, Royal FloraHolland

List of legal entities

Royal FloraHolland has directly or indirectly a full or partial interest in the following companies:

		2022 Interest %	2021 Interest %		2022 Interest %	2021 Interest %
	REGISTERED OFFICE				REGISTERED OFFICE	
RFH Holding BV*	Aalsmeer	100	100	RFH Vastgoed Holding BV*	Naaldwijk	100
RFH Diensten Holding BV*	Naaldwijk	100	100	Siervast BV*	Rijnsburg	100
Servi FloraHolland 2002 SL*	Barcelona, Spain	100	100	Metz Vastgoed BV	Honselersdijk	0
FloraHolland Flower Combination BV*	Naaldwijk	100	100	Metz Vastgoed II BV	Honselersdijk	0
FH Consultancy Services PLC*	Addis Ababa, Ethiopia	50	50	Javado Vastgoed BV*	Honselersdijk	0
FH Services Colombia Ltda*	Bogota, Colombia	50	50	Plant Port 1 BV	Aalsmeer	49.5
Royal FloraHolland Kenya Ltd*	Nairobi, Kenya	1	1	FloriWorld BV	Aalsmeer	33.33
Sierteelt Verpakings Pool BV*	Leiden	100	100	HBC Beheer BV	Naaldwijk	0
Flowerdome BV*	Eelde	100	100	RFH Deelnemingen Holding BV*	Naaldwijk	100
FH Consultancy Services PLC*	Addis Ababa, Ethiopia	50	50	Plantion Holding BV	Ede	35
FH Services Colombia Ltda*	Bogota, Colombia	50	50	Veiling Rhein Maas GmbH & Co. KG	Straelen, Germany	25
Royal FloraHolland Kenya Ltd*	Nairobi, Kenya	99	99	Veiling Rhein Maas GmbH	Straelen, Germany	100
FH Services Italy SRL*	Milan, Italy	100	100	Sivepo CV*	Honselersdijk	100
Royal FloraHolland Hong Kong Ltd*	Hong Kong, China	100	100	RFH Logistics Holding BV*	Aalsmeer	100
Royal FloraHolland Co Ltd (WFOE)*	Shanghai, China	100	100	Floriway Logistics BV		
Trias Westland BV	Honselersdijk	10	10	(formerly: Floriway BV) *	Aalsmeer	85
FloraXchange BV*	Honselersdijk	100	100	Gebroeders de Winter Holding BV*	Honselersdijk	100
FloraXchange Services BV*	Honselersdijk	100	100	Floriway Transport BV*(formerly: De Winter Transport BV)*	Aalsmeer	100
Ethiopian Perishable Logistics PLC	Addis Ababa, Ethiopia	10	10	Logistics Flower Center BV*	Aalsmeer	100
Fresh Port PLC	Addis Ababa, Ethiopia	99	99	Floriway Transport BV*(formerly: De Winter Transport BV)*	Aalsmeer	100
CAAC BV*	Aalsmeer	100	100	De Winter Logistics Services BV*	Honselersdijk	100
Blueroots BV	Aalsmeer	50	50	Carrosserie Center Westland BV*	Honselersdijk	100
				Hoza BV*	De Kwakel	100
				P.M. van Zaal Transport BV*	De Kwakel	100
				Van Marrewijk Holding BV*	Naaldwijk	100
				Van Marrewijk Verhuur BV*	Naaldwijk	100
				WEMATRANS BV*	Naaldwijk	100

* Consolidated group company.

Other information

Provisions of the Articles of Association on the appropriation of the profit or loss

Article 34 of the Articles of Association of the cooperative stipulates the following with regard to the appropriation of profit or loss:

Article 34

1. If the operating account indicates a net profit, the Members' Council, following a proposal by the Management Board, will determine whether this balance or part thereof will be added to the general reserve and which portion is available for payment or for adding to the specified reserve(s) given below.
2. The part of the net profit that is not added to the general reserve will benefit the members and those people whose membership ended in or at the end of the relevant financial year, and in proportion to the commission payable by each of them in the financial year in question.
3. The amounts referred to will be paid within three (3) months after adoption of the annual accounts, subject to the proviso that if a member has not yet paid its depositary receipt 'A', that amount or part thereof will be credited to depositary receipt 'A'.
4. If a deficit is apparent from the operating account, then this deficit will be offset against the general reserve.
5. If a deficit cannot be offset due to important reasons or in all reasonableness by the means indicated in the foregoing clauses, the Members' Council, following a proposal by the Management Board, will decide how the deficit is to be offset and according to which criteria.
6. By virtue of article 23(2)(i) of these Articles of Association, motions by the Management Board under this article require the approval from the Supervisory Board.

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