

PRESS RELEASE

HOLLAND COLOURS HALF YEAR RESULTS 2023/2024

- Revenues of EUR 52.2 million compared to EUR 62.9 million the same period last year, a decrease of 17%, of which 2% was due to an unfavorable translation from USD to EUR.
- Operating result amounted to EUR 3.2 million versus the same period previous year EUR 5.3 million.
- Net result of EUR 2.2 million compared to EUR 4.1 million the same period last year resulting in net earnings per share of EUR 2.61 compared to the same period previous year EUR 4.75.

Significant market uncertainty and sharply increased interest rates had a negative impact on demand in most of our core business segments. It is due to these continued unfavorable market conditions, all divisions saw decreases in volume and revenue.

Revenue in Division EMEIA decreased by 6%, mainly in Building & Construction, while revenue in the Packaging and Coatings & Sealants segments were slightly favorable versus the same period last year. The revenue decrease experienced by Division Asia was 32% in USD. This was partly due to a relatively low market demand in our primary segments in South East Asia. In addition, the lower growth seen in the Chinese economy had a negative impact on the region and our exports to China. Division Americas saw a revenue decrease in USD of 19%. This was mainly due to lower market demand in Building & Construction.

The direct contribution margin for the Group was EUR 24.2 million, a decrease of EUR 2.6 million compared to the same period last year. Due to effective margin management across all regions, the margin as a percentage of revenue increased to 46%, versus 43% the same period last year. The net revaluation of inventories (- EUR 0.6 million) unfavorably impacted the margin by 1%.

Operating expenses were EUR 20.9 million, down by EUR 0.5 million (2%) compared to the same period previous year. Strict cost control, a lower number of FTEs, lower energy and consulting costs as well as favorable exchange rate differences contributed to this. Depreciation costs went up due to the commissioning of parts of a new production line in Apeldoorn. The new line is expected to be in full operation during the second half of this financial year.

The operating result was EUR 3.2 million compared to EUR 5.3 million the same period last year. The net result was EUR 2.2 million (EUR 2.61 per share) versus EUR 4.1 million the same period previous year (EUR 4.75 per share).

Net cash flow amounted to EUR 1.2 million (negative), whilst for the same period last year the net cashflow amounted to EUR 4.9 million (negative). Compared to the same period last year, working capital improved by EUR 2.6 million, mainly because of strict inventory management, and income taxes paid were lower by EUR 1.3 million. Overall, this resulted in an improved cash flow from operating activities (EUR 2.8 million increase), despite a decrease in operating result of EUR 1.2 million compared to the same period last year.

Cash flow from investment activities remained unchanged compared to the same period last year due to the assembling of the new production line in Apeldoorn. Cash outflow from financing activities decreased due to the lower dividend that has been paid.

Our market position is focused on structural healthy business segments. We have a strong relationship with our customers, based on personal service and co-designing customized solutions. We are finalizing the preparation of various strategic initiatives which will have a positive impact on the sustainable growth of our core business. It is our plan to implement organizational changes in the second half of the financial year. These changes will not only support an effective implementation of the strategic initiatives but also result in a reduction of operating expenses.

OUTLOOK 2023/2024

We believe that most of the destocking measures we saw previously in our markets have now come to an end. However, continued global economic uncertainty will most likely continue to impact our markets in the short term. In line with previous years, Holland Colours refrains from making financial forward-looking statements.

Apeldoorn, October 25th, 2023

Board of Management

Coen Vinke (CEO)

Eelco van Hamersveld (CTO)

Geert Rutgers (CFO ad interim)

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KEY FIGURES

FOR THE FINANCIAL HALF YEAR ENDED SEPTEMBER 30, 2023

In EUR million	April 1, 2023/ September 30, 2023	April 1, 2022/ September 30, 2022
RESULTS		
Revenue	52.2	62.9
Revenue growth versus comparable period (%)	(17.0)	15.0
Depreciation	(1.6)	(1.5)
Operating result	3.2	5.3
Net result	2.2	4.1
CASH FLOW		
Net cash flow	(1.2)	(4.9)
Investments	2.7	2.7
BALANCE SHEET		
Trade working capital ¹	19.8	25.7
Invested capital	45.6	49.6
Shareholders equity (excl. Minority interest)	59.0	60.4
Balance-sheet total	73.9	78.9
RATIOS		
Return on Sales (ROS) (%)	6.1	8.4
Solvency ² (%)	79.8	76.5
Return on invested capital ³ (ROI) (%)	11.3	22.2
Working capital (%)	19.6	21.6
FIGURES PER SHARE (In euros)		
Total net result	2.61	4.75
Growth of earnings per share (%)	(45.0)	(32.0)
Equity (excl. Minority interest)	68.6	70.18
Closing price	95.0	123.00
OTHER DATA		
Number of outstanding shares	860,351	860,351
Average number of employees (FTEs)	458	464

1) Trade working capital: inventory + trade accounts receivable -/- trade accounts payable

2) Solvency: total equity / balance-sheet total

3) Return on invested capital: operating result / (equity+provisions+interest-bearing liabilities -/- cash)

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INCOME STATEMENT

FOR THE FINANCIAL HALF YEAR ENDED SEPTEMBER 30, 2023

In EUR 1,000	April 1 2023/ September 30 2023	April 1 2022/ September 30 2022
Revenue	52,226	62,921
Cost of Materials	(28,067)	(36,113)
Direct Contribution Margin	24,159	26,808
Personnel Expenses	(12,034)	(12,112)
Amortization and Impairments	(5)	(43)
Depreciation and Impairments	(1,581)	(1,454)
Other Operating Expenses	(7,329)	(7,895)
Total Operating Expenses	(20,949)	(21,504)
Operating Result	3,210	5,304
Finance Income	217	68
Finance Expense	(179)	(106)
Finance Income and Expense	38	(38)
Result before Income Tax	3,248	5,266
Income Tax	(1,000)	(1,176)
Net Result	2,248	4,090
Attributable to:		
▪ Shareholders of the Company	2,248	4,090
	<u>2,248</u>	<u>4,090</u>
Earnings per share in euros		
Average number of shares issued	860,351	860,351
Earnings per Share from Continued Operations	2.61	4.75
Earnings per Share from Total Net Result	2.61	4.75

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL HALF YEAR ENDED SEPTEMBER 30, 2023

In EUR 1,000	April 1 2023/ September 30	April 1 2022/ September 30
Net Result	2,248	4,090
Other comprehensive income that could in future be classified to the income statement		
Foreign Currency Translation Differences	888	4,044
Other Comprehensive Income	888	4,044
Total Comprehensive Income	3,136	8,134
Attributable:		
Shareholders of the Company	3,136	8,135
	3,136	8,135

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BALANCE SHEET

FOR THE FINANCIAL HALF YEAR ENDED SEPTEMBER 30, 2023

In EUR 1,000	September 30, 2023	September 30, 2022
Non-Current Assets		
Intangible Assets	-	25
Property, Plant and Equipment	23,962	23,336
Right-of-Use Assets	938	970
Deferred Tax Assets	1,089	1,526
	25,989	25,857
Current Assets		
Inventory	14,824	21,677
Trade and Other Receivables	17,632	18,335
Income Tax Receivables	946	1,001
Cash and Cash Equivalents	14,556	12,029
	47,958	53,042
Total Assets	73,947	78,899
Equity		
Share Capital	1,953	1,953
Share Premium Reserve	1,219	1,219
Other Reserves	1,420	4,027
Retained Earnings	54,421	53,181
	59,013	60,380
Non-Current Liabilities		
Lease Liabilities	470	457
Employee Benefit Obligations	810	1,138
Deferred Tax Liabilities	106	272
	1,386	1,867
Current Liabilities		
Lease Liabilities	394	406
Trade and Other Liabilities	12,683	14,348
Income Tax Liabilities	151	1,810
Employee Benefit Obligations	320	88
	13,548	16,652
Total Equity and Liabilities	73,947	78,899

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STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL HALF YEAR ENDED SEPTEMBER 30, 2023

In EUR 1,000	Share Capital	Share Premium Reserve	Foreign Currency Translation Reserve	Legal Reserve for Intangible Assets	Retained Earnings	Subtotal	Non-Controlling Interest	Total Equity
Half Year 2022/2023								
As at March 31, 2022	1,953	1,219	145	(162)	54,176	57,330	420	57,750
Net Result	-	-	-	-	4,090	4,090	-	4,090
Other Comprehensive Income	-	-	4,044	-	-	4,044	-	4,044
Buy out of minority shareholder	-	-	-	-	-	-	(420)	(420)
Total Comprehensive Income	-	-	4,044	-	4,090	8,135	(420)	7,715
Dividends paid	-	-	-	-	(5,085)	(5,085)	-	(5,085)
As at September 30, 2022	1,953	1,219	4,189	(162)	53,181	60,380	-	60,380
In EUR 1,000								
Half Year 2023/2024								
As at March 31, 2023	1,953	1,219	506	-	55,135	58,813	-	58,813
Net Result	-	-	-	-	2,248	2,248	-	2,248
Other Comprehensive Income	-	-	888	-	-	888	-	888
Buy out of minority shareholder	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	888	-	2,248	3,136	-	3,136
Dividends paid	-	-	-	-	(2,934)	(2,934)	-	(2,934)
As at September 30, 2023	1,953	1,219	1,394	-	54,449	59,015	-	59,015

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STATEMENT OF CASH FLOW

FOR THE FINANCIAL HALF YEAR ENDED SEPTEMBER 30, 2023

In EUR 1,000	April 1 2023/ September 30 2023	April 1 2022/ September 30 2022
Operating Result	3,210	5,304
<i>Adjustments for:</i>		
Amortisation of Intangible Assets and Impairments	5	43
Depreciation of Property, Plant and Equipment and Impairments	1,278	1,207
Depreciation of Right-of-Use Assets	303	247
IFRS 16: reversal of lease costs	-	(266)
Changes in Provisions	70	(51)
Exchange-rate Differences	(11)	(439)
Cash Flow from Operating Activities before Changes in Working Capital, Tax and Interest	4,855	6,045
Changes in Working Capital	(29)	(2,684)
Income Tax Paid	(451)	(1,759)
Interest Received	217	-
Interest Paid	(179)	(6)
Cash Flow from Operating Activities	4,413	1,596
Capital Expenditures in Property, Plant and Equipment	(2,691)	(2,666)
Cash Flow from Investment Activities	(2,691)	(2,666)
Dividends Paid	(2,934)	(5,085)
Lease Liabilities Payments	(280)	-
Cash Flow from Financing Activities	(3,214)	(5,085)
Exchange-rate and Translation Differences on Cash and Cash Equivalents	291	1,225
Net Cash Flow	(1,201)	(4,930)
Cash and Cash Equivalents as at April 1	15,757	16,959
Cash and Cash Equivalents as at September 30	14,556	12,029
Net Cash Flow	(1,201)	(4,930)

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SEGMENT REPORTING

FOR THE FINANCIAL HALF YEAR ENDED SEPTEMBER 30, 2023

Segments 2023/24 In EUR 1,000	Europe	Americas	Asia	Other	Adjustments	Total
					eliminations and	
Revenue	27,299	19,432	5,495	-	-	52,226
Intersegmental transactions	747	18	-	-	(765)	-
Revenue Including Intersegmental Transactions	28,046	19,450	5,495	-	(765)	52,226
Depreciation, Amortisation and Impairments	(853)	(457)	(202)	(77)	3	(1,586)
Operating Result	1,239	863	520	588	-	3,210
Financial Income	-	-	-	-	217	217
Financial Expense	-	-	-	-	(179)	(179)
Tax	-	-	-	-	(1,000)	(1,000)
Net Result	-	-	-	-	2,248	2,248
Non-current Assets	14,932	6,090	2,810	59,637	(57,481)	25,989
Current Assets	24,404	18,791	10,535	6,696	(12,468)	47,958
Liabilities	17,702	4,528	2,171	7,317	(16,784)	14,934
Investments	2,369	283	39	-	-	2,691
Average Number of Employees (FTEs)	210	98	127	23	-	458

Segments 2022/23 In EUR 1,000	Europe	Americas	Asia	Other	Adjustments	Total
					eliminations and	
Revenue	29,217	25,239	8,465	-	-	62,921
Intersegmental transactions	771	14	-	-	(785)	-
Revenue Including Intersegmental Transactions	29,988	25,253	8,465	-	(785.00)	62,921
Depreciation, Amortisation and Impairments	(813)	(498)	(219)	(95)	127	(1,497)
Operating Result	818	2,629	1,107	4,145	(3,395)	5,304
Financial Income	-	-	-	-	68	68
Financial Expense	-	-	-	-	(106)	(106)
Tax	-	-	-	-	1,176	(1,176)
Net Result	-	-	-	-	4,090	4,090
Non-current Assets	12,926	7,080	3,326	65,553	(63,028)	25,857
Current Assets	25,271	23,246	11,255	4,193	(10,923)	53,042
Liabilities	17,269	6,425	2,381	9,457	(17,012)	18,520
Investments	2,265	229	158	14	(0)	2,666
Average Number of Employees (FTEs)	204	102	137	22	-	464

NOTES

Basis of preparation

The interim financial information regarding the period ending September 30, 2023 has been prepared in accordance with the principles for consolidation and financial reporting, as described in the annual report of Holland Colours NV for the fiscal year 2022/2023 and do not include all information and disclosures required for the annual financial statements. Accordingly, they should be read in conjunction with the financial statements for the year ended March 31, 2023, which have been prepared in accordance with IFRS EU.

Audit

The interim financial information is not audited.

PROFILE

Holland Colours develops and manufactures groundbreaking solid and liquid color concentrates, plus masterbatches and additive concentrates for rigid and flexible PVC for the building & construction industry, and for the production of PET and polyolefin-based packaging. We also produce color concentrates for use in coatings, sealants & adhesives and other applications.

As a company, we set out to deliver customer peace of mind through superior product performance, world-leading product stewardship and outstanding technical service. Our experts co-design color and functional solutions with our customers, develop solutions to support recycling and actively contribute to creating a more sustainable industry overall.

Holland Colours is a Dutch company, founded in 1979 and listed on the Euronext Amsterdam Stock Exchange. With committed employee shareholders and production locations in the Americas, Europe and Asia, we serve customers on every continent. To find out more, visit us at hollandcolours.com.

KEY DATES (provisional)

May 30, 2024	Publication of 2023/2024 financial statements
July 11, 2024	Annual General Meeting of Shareholders

Holland Colours NV

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