

PRESS RELEASE

HALF YEAR RESULTS 2020/2021

Stable result with a 7% decline in revenue

- Revenue first half year was EUR 48.5 million versus EUR 52.3 million in 2019/2020
- Operating result was EUR 6.1 million versus EUR 6.1 million prior year
- Net result was EUR 4.5 million versus EUR 4.5 million prior year
- Interim dividend of EUR 3.9 million payable in November 2020

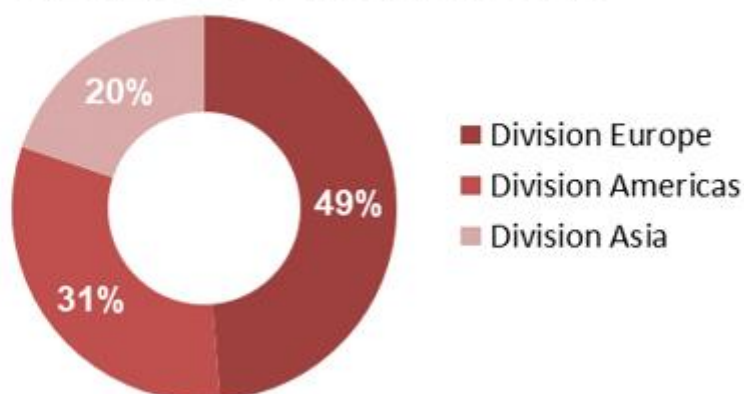
Revenue growth was realized in the Packaging segment, while the other segments, Building & Construction and Coatings, Sealants & Adhesives, were below last year's revenues. The Asia Division showed revenue growth while the European and Americas Divisions showed a decline due mainly to the impact of the COVID-19 pandemic.

Total gross margin amounts to EUR 22.9 million versus EUR 23.3 million prior year. Gross margin percentage increased from 44.6% to 47.1% as a result of product and geo mix differences.

Due to a restricted expense policy, total operating costs decreased EUR 0.4 million versus prior year. This includes EUR 0.5 million lower travel expenses.

Earnings per share were EUR 5.20 versus EUR 5.12 for the first half of the prior year.

REVENUE PER DIVISION



Europe

The Europe Division started the year with 15% revenue decline driven by volume decreases. Each focus segment contributed to the decline. Gross margin declined accordingly. Although savings were realized on operating costs, the operating result ended at EUR 1.4 million versus EUR 2.1 million prior year.

Americas

Revenue for the Americas Division ended 5% less than prior year measured in USD reporting currency. Building & Construction was the strongest contributor to the loss. The gross margin declined in line with the revenue decline. Savings for travel expenses were offset by higher costs in healthcare compared to prior year. This resulted in a lower operating result, ending at USD 0.9 million versus USD 1.5 million prior year.

Asia

Revenue for the Asia Division, measured in USD reporting currency, was up 20% versus prior year. This was mainly driven by the Packaging segment where stocks had been built up in the supply chain. Even with only limited cost increases, operating result was USD 3.2 million versus USD 1.9 million prior year.

Strategy and COVID-19

We continuously monitor the development of the COVID-19 pandemic, the market situation, outlook and the effect of our plans and actions. We continue our current strategy with focus on internal improvement programs and growth initiatives.

Cash flow and financing

The net cash flow for the first half year was EUR 7.2 million positive versus EUR 3.9 million negative in prior year. This was positively influenced by EUR 6.1 million operating result and a decrease in operating working capital of EUR 1.4 million.

Paid income tax was lower versus prior year (EUR 0.8 million versus EUR 1.3 million) while the annual dividend payment was not made, having an effect of EUR 3.0 million versus prior year.

Capex ended at EUR 1.2 million versus EUR 2.2 million in prior year.

Dividend

Given the current strong financial position, improved liquidity and the limited impact of the pandemic on the net result and the operating cash flow during the first half year of 2020/2021, the company has decided to pay out an interim dividend. A cash dividend of EUR 3.9 million or EUR 4.55 per share will be paid to the shareholders in November 2020.

Risk management

Risk management is an integral management task. It takes the size of the company and the character of the business in consideration when identifying the most significant risks to which the company is exposed. They are discussed on a periodic basis and mitigated where possible.

Such a system cannot provide absolute certainty that objectives will be realized. Neither can it guarantee prevention of potential cases of material mistakes, damage, fraud or breaches of statutory laws.

The 2019/2020 annual report describes the primary strategic, operational and financial risks. In terms of the risks and uncertainties described in the annual report, there have been no notable changes over the first half of this financial year. There were no cases of material damage, fraud or breaches of law detected in the first half year.

Board of Management statement

The Board of Management hereby declares, to the best of its knowledge

- the summarized interim consolidated half-year report as of 30 September 2020, drawn up in accordance with IAS 34 “Interim Financial Reporting”, represents a faithful rendering of the assets, liabilities, financial position and profit of Holland Colours NV and its subsidiaries as stated in the consolidated financial report;
- and that the Report of the Board of Management as included in this half-year report represents a faithful rendering of the information required in relation to item 5:25d subs 8 and 9 of the Dutch Financial Supervision Act.

Outlook for the second half year of 2020/2021

In line with previous years Holland Colours does not share forward looking statements.

Apeldoorn, October 27th, 2020

Board of Management

Coen Vinke (CEO)

Tanja van Dinteren (CFO)

Eelco van Hamersveld (CTO)

For further information:

Holland Colours NV

Coen Vinke

CEO Holland Colours

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Key figures

	Apr 1, 2020 to Sep 30, 2020	Apr 1, 2019 to Sep 30, 2019
RESULTS (in millions of euros)		
Revenue	48.5	52.3
Revenue growth versus comparable period (%)	-7.1	14.5
Operating result	6.1	6.1
Net result	4.5	4.5
CASH FLOW (in millions of euros)		
Net cash flow	7.2	-3.9
Investments	1.2	2.2
Depreciations	1.5	1.3
BALANCE SHEET (in millions of euros)		
Trade working capital ¹	18.7	22.6
Invested capital	35.9	37.9
Shareholders equity (excl. Minority interest)	49.1	44.2
Balance-sheet total	66.4	58.7
RATIOS		
Return on Sales (ROS) (%)	12.6	11.8
Solvency ² (%)	74.4	75.7
Return on invested capital ³ (ROI) (%)	29.7	25.4
Working capital (%)	19.1	23.5
FIGURES PER SHARE (In €)		
Total net result	5.20	5.12
Growth of earnings per share (%)	1.5	33.4
Equity (excl. Minority interest)	57.08	51.42
Closing price	86.00	83.00
OTHER DATA		
Number of outstanding shares	860,351	860,351
Average number of employees (FTE's)	431	425

1) Trade working capital: inventory plus trade accounts receivable less trade accounts payable

2) Solvency: total equity / balance sheet total

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

Unaudited

Condensed interim consolidated income statement

In thousands of euros

	Apr 1, 2020 to Sep 30, 2020	Apr 1, 2019 to Sep 30, 2019
Revenue	48,530	52,261
Gross margin	22,848	23,292
Employee expenses	10,406	10,199
Amortisation and impairments	66	67
Depreciation and impairments	1,426	1,280
Other operating expenses	4,857	5,600
Total operating expenses	16,755	17,146
Operating result	6,093	6,147
Finance income	45	8
Finance costs	-73	-66
Tax on profits	-1,546	-1,632
Net result	4,519	4,457
Attributable to:		
Shareholders of the company	4,474	4,407
Minoritory interest	45	50
	4,519	4,457
Average number of shares issues	860,351	860,351
Earnings per share attributable to shareholders	5.20	5.12

Unaudited

Condensed interim consolidated statement of comprehensive income

In thousands of euros

	Apr 1, 2020 to Sep 30, 2020	Apr 1, 2019 to Sep 30, 2019
Net result	4,519	4,457
Items that will not be reclassified to the Income Statement		
Actuarial results on employee benefits	-	2
Other comprehensive Income that could in future be classified to the Income statement		
Foreign currency translation differences	-2,219	1,228
Total comprehensive income	2,300	5,687
Attributable to:		
Shareholders of the company	2,255	5,637
Minoritory interest	45	50
	2,300	5,687

Unaudited

Condensed interim consolidated balance sheet

In thousands of euros

	Sep 30, 2020	Sep 30, 2019
<i>Non-current assets</i>		
Intangible fixed assets	214	481
Tangible fixed assets	19,902	19,491
Assets right-of-use	1,543	1,312
Deferred tax assets	824	1,683
Other long-term receivables	95	-
<i>Total non-current assets</i>	<i>22,578</i>	<i>22,967</i>
<i>Current assets</i>		
Inventory	12,670	13,963
Trade and other receivables	15,406	18,121
Tax receivables	838	138
Cash and cash equivalents	14,877	3,512
<i>Total current assets</i>	<i>43,791</i>	<i>35,734</i>
Total assets	66,369	58,701
<i>Equity</i>		
Total equity	49,390	44,452
<i>Non-current liabilities</i>		
Long-term debt	-	-
Employee benefit obligation	1,004	1,143
Deferred tax liabilities	270	35
Non-current lease liabilities	951	1,322
<i>Total non-current liabilities</i>	<i>2,225</i>	<i>2,500</i>
<i>Current liabilities</i>		
Trade and other payables	12,262	10,799
Income tax liabilities	1,787	866
Employee benefit obligation	84	84
Current lease liabilities	621	-
<i>Total current liabilities</i>	<i>14,754</i>	<i>11,749</i>
Total equity and liabilities	66,369	58,701

Unaudited

Condensed interim consolidated statement of changes in equity

In thousands of euros

	Share Capital	Share Premium Reserve	Foreign Currency Translation Reserve	Other reserves	Retained earnings	Minority interest	Total
As at March 31, 2019	1,953	1,219	329	49	38,088	160	41,798
<i>For the 1st half year 2019/2020</i>							
Net result 1st half year 2019/2020	-	-	-	-	4,407	50	4,457
Other comprehensive income	-	-	1,228	19	-17	-	1,230
<i>Total comprehensive income</i>	-	-	1,228	19	4,390	50	5,687
Dividend 2018/2019	-	-	-	-	-3,033	-	-3,033
As at September 30, 2019	1,953	1,219	1,557	68	39,445	210	44,452
<i>For the 2nd half year 2019/2020</i>							
Net result 2nd half year 2019/2020	-	-	-	-	3,417	23	3,440
Other comprehensive income	-	-	-836	-	35	-	-801
<i>Total comprehensive income</i>	-	-	-836	-	3,452	23	2,639
Transfer intangible fixed assets	-	-	-	-195	195	-	-
As at March 31, 2020	1,953	1,219	721	-127	43,091	233	47,090
<i>For the 1st half year 2020/2021</i>							
Net result 1st half year 2020/2021	-	-	-	-	4,474	45	4,519
Other comprehensive income	-	-	-2,219	-	-	-	-2,219
<i>Total comprehensive income</i>	-	-	-2,219	-	4,474	45	2,300
Dividend 2019/2020	-	-	-	-	-	-	-
As at September 30, 2020	1,953	1,219	-1,498	-127	47,565	278	49,390

Unaudited

Condensed interim consolidated statement of cash flows

In thousands of euros

	Apr 1, 2020 to Sep 30, 2020	Apr 1, 2019 to Sep 30, 2019
Operating activities		
Operating result	6,093	6,147
Adjustments for:		
Amortisations, depreciations and impairments	1,492	1,348
Change in provision	-77	-81
Capitalisation own hours	-	-
Exchange rate differences and other changes	-15	-115
Changes in working capital	1,405	-4,531
Cash flow from operating activities	8,898	2,767
Income tax paid	-785	-1,342
Interest paid	-33	-53
Cash flow from operating activities	8,080	1,372
Cash flow from investing activities		
Capital expenditures, net of disposals	-1,205	-2,153
Cash flow from operating and investing activities	6,875	-781
Cash flow from financing activities		
Paid dividend	-	-3,033
Change in (long-term) liabilities	755	-317
Cash from financing activities	755	-3,350
Change in cash and cash equivalents	7,630	-4,131
Net foreign exchange differences	-419	208
Net cash flow	7,211	-3,923
Opening balance cash and cash equivalents	7,666	7,434
Closing balance cash and cash equivalents	14,877	3,512
Net cash flow	7,211	-3,923

Unaudited

Segment reporting

Segment information for the first half year of 2020/2021

In thousands of euros

	Europa	Americas	Asia	Other	Adjustments and eliminations	Total
Revenue	23,623	15,284	9,623	-	-	48,530
Inter segmental transactions	363	-	-	-	-363	-
Revenue including inter segmental transactions	23,986	15,284	9,623	-	-363	48,530
Amortisation, depreciation and impairments	-581	-365	-155	-106	-285	-1,492
Operating results	1,378	827	2,882	1,006	-	6,093
Net financing expenses	-	-	-	-	-28	-28
Tax	-	-	-	-	-1,546	-1,546
Net result	-	-	-	-	4,519	4,519
Assets	27,713	21,357	13,497	55,704	-51,902	66,369
Liabilities	13,366	5,497	2,537	5,758	-10,179	16,979
Total investments	1,079	107	19	-	-	1,205
Average number of own employees (in FTE)	208	100	109	14	-	431

Segment information for the first half year of 2019/2020

In thousands of euros

	Europa	Americas	Asia	Other	Adjustments and eliminations	Total
Revenue	27,807	16,348	8,106	-	-	52,261
Inter segmental transactions	554	11	22	-	-588	-
Revenue including inter segmental transactions	28,362	16,360	8,128	-	-588	52,261
Amortisation, depreciation and impairments	-504	-290	-131	-108	-314	-1,348
Operating results	2,080	1,371	1,693	1,003	-	6,147
Net financing expenses	-	-	-	-	-58	-58
Tax	-	-	-	-	-1,632	-1,632
Net result	-	-	-	-	4,457	4,457
Assets	26,972	18,673	11,768	46,503	-45,215	58,702
Liabilities	14,457	2,914	2,209	1,753	-7,084	14,250
Total investments	753	919	378	104	-	2,155
Average number of own employees (in FTE)	208	99	102	16	-	425

Unaudited

Explanatory notes on the condensed consolidated interim report

Holland Colours NV is a public limited liability company having its registered office in Apeldoorn, the Netherlands. The Company's condensed consolidated interim report comprises the financial statements of the Company and of its subsidiary companies, also named the Holland Colours Group.

The condensed consolidated interim report comprises the period April 1, 2020 up to and including September 30, 2020 for the Company and its subsidiaries. Comparative figures consist of the corresponding period in 2019/2020, unless indicated otherwise.

All amounts listed are in thousands of Euros, unless indicated otherwise.

The condensed interim financial statements are compiled by the Board of Management of Holland Colours NV and released for publication by the Supervisory Board on October 27, 2020.

Statement of compliance

The half year report has been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union and in accordance with the IAS 34 "Interim Financial Reporting" guideline. The half year report does not contain all information required for a complete annual report, and should be read in combination with the 2019/2020 consolidated annual report of the Holland Colours Group.

Audit

No audit nor review was performed on the information presented in this half year report.

Accounting policies

The interim financial information regarding the period ending September 30, 2020 has been compiled in accordance with the principles for consolidation and financial reporting, as described in the annual report of Holland Colours NV for the fiscal year 2019/2020.

Taxes

In the interim financial information, taxes have been included in the profit and loss account on the basis of the estimated weighted average applicable nominal rate of corporate tax.

Outstanding shares

The number of outstanding shares as of September 30, 2020 is 860,351 shares. This number did not change in comparison with March 31, 2020.

Named reserves

The named reserves compose of currency translation differences and the other reserves, whereas the latter one comprises the hedge reserves and the reserve for intangible assets.

Obligations not reflected in the balance sheet

The other liabilities not reflected in the balance sheet as included in the annual report of 2019/2020 have not changed substantially in the first half-year of 2020/2021.

Events after the reporting period

There have been no events after closing date.

Company Profile

Holland Colours develops, produces and commercializes solid and liquid colorants, masterbatches and additives for building and construction plastics (PVC) and packaging (PET and polyolefins). Next to serving these global markets, we offer color concentrates for coatings, elastomers & adhesives and other applications. Our technical experts are always creating new color solutions to give our customers peace of mind based on precise color match and color consistency.

Holland Colours is a Dutch company listed on the Euronext Amsterdam Stock Exchange. We provide personal local service on a global scale with committed employee shareholders and operations in the Americas, Europe and Asia.

Important dates

October 30, 2020	: Ex-dividend listing
November 2, 2020	: Dividend record date
November 10, 2020	: Dividend payable
June 3, 2021	: Publication annual figures for 2020/2021
July 15, 2021	: Annual General Meeting of Shareholders

Holland Colours NV

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