



THE POWER OF TEAMWORK

Annual Report
2021/2022



The theme of this year's annual report is adding value by teamwork. Teamwork is one of our core values and a fundamental driver of our business. It defines how we approach our markets, how we work together internally across Holland Colours, and it provides the foundation for a co-design-, collaboration-based, outside-in approach to customer innovation. Teamwork is a mindset, a process and a goal.

Throughout this report, we spotlight the three key areas for teamwork at Holland Colours: marketplace, internally and with clients.



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Specials

In five editorials we highlight the three key areas for teamwork at Holland Colours: marketplace, internal teamwork and collaboration and co-design with clients and distributors.

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INTRODUCTION BY THE CEO

DEAR SHAREHOLDERS, EMPLOYEES, CLIENTS AND BUSINESS PARTNERS,

The second year of COVID-19 again underlined the value of teamwork and reminded us that, in an increasingly complex and challenging world, our ability to work together will continue to be an advantage. We looked after each other and jumped in to help out when this was needed to overcome challenges and roadblocks. We organized ourselves to both support our clients and each other. I am immensely proud of what I have seen.

A GOOD RESULT

That effort paid out not only in helping us withstand the mental pressure everyone feels after two years of COVID-19, but it also meant we had a good year financially. We continued to invest in growth and process improvements to safeguard our margins, and to invest financially and personally in terms of delivering our Growing Together strategy. We managed the supply chain difficulties and rising energy and raw material prices. We maintained our service and kept our clients supplied.

Thanks to this strong team effort, our revenues increased by 15.1% compared with the previous year, the ROS (Return on Sales) increased to € 13.6 million, which is an improvement of 9.7% versus previous year. Based on these results, we propose to pay a final cash dividend for 2021/2022 of € 5.91 per share.

BUILDING A STRONGER ORGANIZATION

Over the last year, we have taken a number of steps to strengthen our organization. We have reviewed our business risks and developed a Risk Matrix that maps our risks and scores them on how important they are to us. Further, following the incident described in the paragraph 'Risk-related events 2021/2022' in the Risk Management section, we reviewed and emphasized the importance of our Code of Conduct.

We will also introduce an Ethical Compass to help our employees take moral considerations into account around risk-sensitive integrity issues. Typical themes will include fraud, bribery and corruption, psychological and physical safety and cybersecurity. Finally in 2021/2022, we established a new baseline for measuring our CO₂ emission going forward, and we continue our program of process and IT improvements.

GO FAR TOGETHER

As we move out of the global pandemic phase of COVID-19, teamwork will continue to be as important to our success as ever. We have a lot to do together. This includes rolling out our people development program, called Better Together Dialogues, company-wide, rounding off our innovation and commercial improvement projects and pushing ahead with our operational process improvements. Using our new communication tools, we want to build collaboration between groups and teams across the organization and support cross-border thinking. And we need to work on implementing our sustainability vision.

Despite the ongoing economic, political and other instabilities, we should know by now that with teamwork in our DNA, we can do and achieve anything. There's a good African proverb that applies here: If you want to go fast, go alone; but if you want to go far, go together.

Thank you to all our employees and stakeholders for your effort and commitment to going far together and so working on the success of Holland Colours.

Coen Vinke
CEO





TEAMWORK AND OUR CLIENT

UNDERSTANDING THE PROCESS AS WELL AS THE PRODUCT

OTTO Chemie stands for uncompromising quality, the highest level of expertise and innovative solutions for sealing, bonding, casting and coating. Holland Colours supports the company with the first of these – sealing.



OTTO's Christian von Malotki and Nikolaus Auer work closely with Holland Colours in a relationship whose roots go back to the mid-1990s. The way we work together has evolved from supplier and customer to team players.

HIGH-END DEMANDS

Holland Colours makes color-matched liquid pastes that OTTO then includes in its sealants for bathroom furniture and finishings. Think of tiles, sinks, showers and sanitary fittings. The company operates at the top of the market. "We have a couple of hundred standard colors, and we make tailor-made colors based on samples from the client," says Mr. Auer.

It is a huge market in which architects, builders and designers are always looking for something fresh and in which the quality of the color match is crucial. Recognizing this, OTTO switched in 2020 to an inline coloring system whose key benefit is that it can deliver a very high quality color match. "To do this needed more knowledge about color pastes from our side, and more knowledge about our processes from the HCA side. So we started having more frequent technical meetings," explains Mr. von Malotki.

UNDERSTANDING PRODUCTION NEEDS

These technical meetings – three to four a year, sometimes more, at both OTTO and Holland Colours – are an opportunity to go deeper into possible issues and to develop the best custom product. Mr. Auer: "Holland Colours supplies us with really tailor-made color pastes that are the right quality and that fit very well into our processes. This is very important, and Holland Colours does a lot of fine-tuning to make life at our end easier."

Mr. von Malotki adds: "The understanding HCA has of the demands on our production side and the understanding of the HCA technical department is very good. If we have a problem,

everyone works together to find a good solution, and you only have to explain the problem once. HCA's understanding is on a very high level, which makes our partnership very good."

MUTUAL BENEFITS

From the Holland Colours perspective, working with a high-end client like OTTO pushes us to go further because it sets the bar for us even higher. The result is extensive collaboration from which both teams benefit. By helping a customer like OTTO we are helping ourselves and our other customers.

"We have a very intensive cooperation," says Mr. Auer. "I would say it goes beyond the usual supplier-customer relationship because we work very closely on innovation, new projects and processes. This is a key reason for us to work with Holland Colours. Both sides really understand pastes. Holland Colours understands color pastes and we understand sealant pastes. We learn from each other. We use different analytical methods to understand our products better. We come together with our knowledge."

The result is a strong sense of feeling supported: "We notice a very strong problem-solving approach, which is very effective in dealing with complications," says Mr. Auer.

NOT 'A' SUPPLIER BUT 'THE' PARTNER

The impact of the relationship between OTTO and Holland Colours rests on mutual trust and close teamwork. The contact between us is always open, always friendly, always constructive and focused on quality. As a company, we want to be part of the growth of OTTO, and the only way to do that is not to be 'a' supplier to OTTO Chemie, but to be 'the' partner to OTTO Chemie. And that involves spending time with each other and learning together.

"We learn from each other. We use different analytical methods to understand our products better. We come together with our knowledge"



ABOUT HOLLAND COLOURS

SINCE
1979

43
YEARS
of color
formulation
experience



GLOBAL SUPPLIER
of plastic colorants
and additives



NETWORK OF
100
suppliers,
distributors
and agents



2
BILLION KG
of plastic products
colored by
Holland Colours
each year

One global team
of over
400
EMPLOYEES

OUR PROFILE

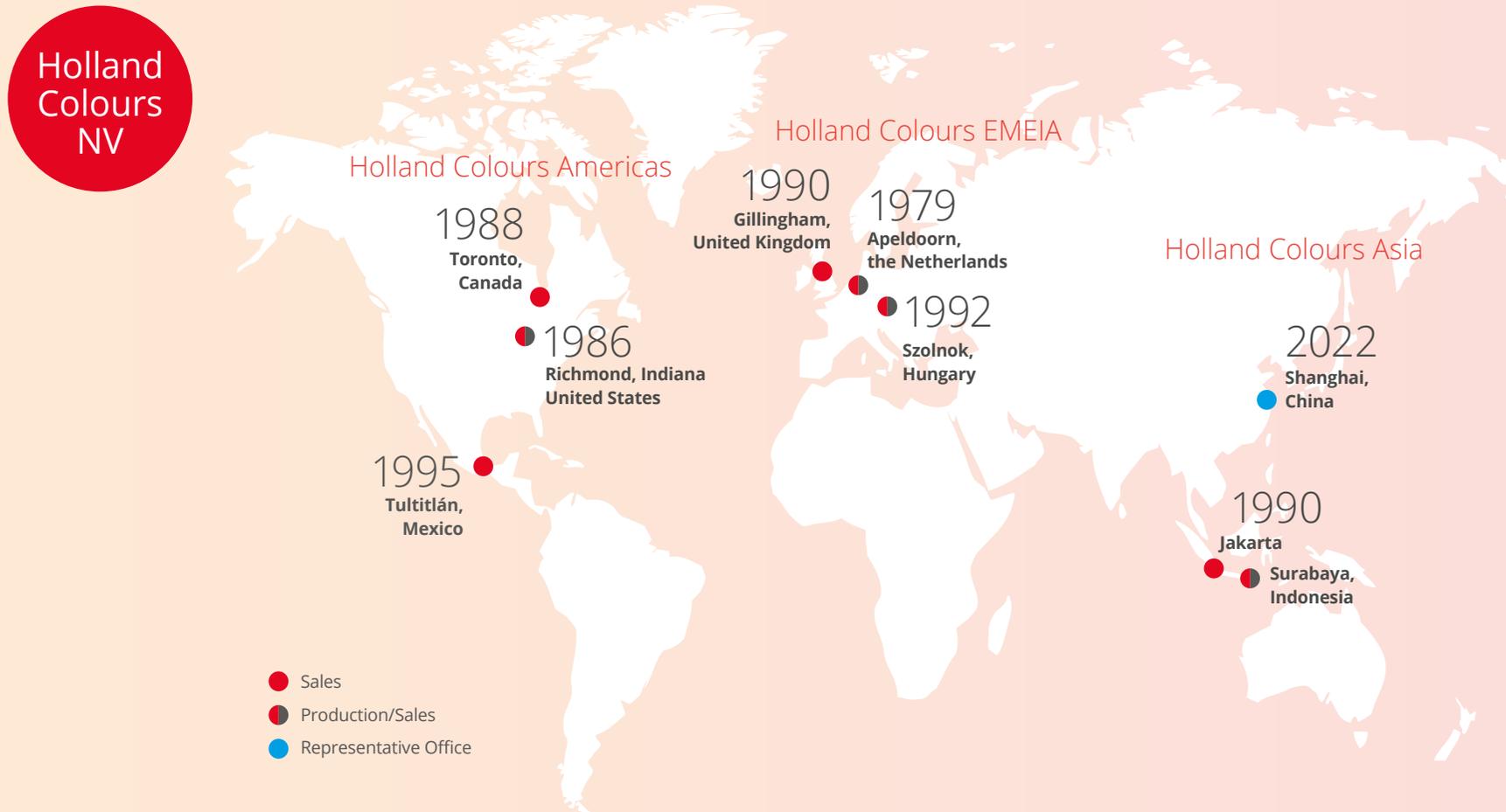
As a company, we set out to deliver customer peace of mind through superior product performance, world-leading product stewardship, and outstanding technical service. Our experts co-design color and functional solutions with our customers, develop solutions to support recycling, and actively contribute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



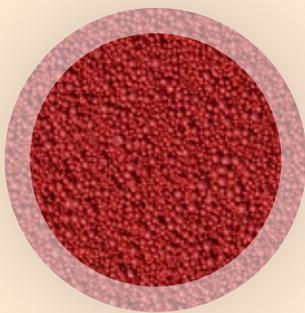
OUR HERITAGE

More than 40 years ago, the founders of Holland Colours set to work in an old paper factory in Apeldoorn, the Netherlands. A small but ambitious team, they had an idea that would ultimately disrupt the world of colors – and earn them the description ‘pioneers.’

Today, we are one global team of over 400 colleagues with different experiences and from various backgrounds. But we all share the same core values, passion for color, commitment to our customers and pride in our company.

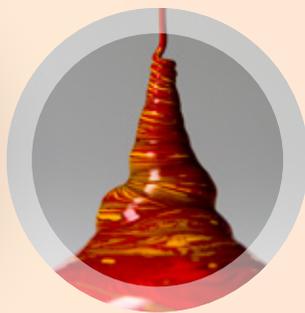


OUR PRODUCTS



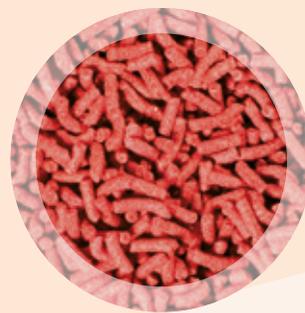
HOLCOBATCH®

Microbeads and an eco-friendly carrier, with a low melting point and support for ultra-low dosing. Holcobatch is typically used for light color applications and delivers the highest coloring homogeneity. Use for transparent applications.



HOLCOLEX

This liquid colorant based on water and glycol is designed for use with waterborne systems. Use for waterborne paints and coatings, adhesives, liquid soaps, windshield wash and antifreeze.



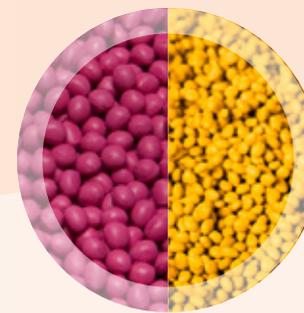
HOLCOPRILL

Cylindrical granulates, based on a natural carrier and showing a low melting point. Holcoprill is highly concentrated and is designed for use at high dosing levels. Use for transparent and opaque applications.



HOLCOSIL

Liquid colorants for silicone sealants, comprising three versions for different applications covering building and construction, injection molding silicone rubbers and extrusion and hot press molding of silicone rubber.



HOLCOPEARL®

Round granulates, based on a polymeric carrier and suitable for low dosing. Holcpearl is a great colorant for ABS, flexible PVC applications, polyolefins and PET. Use for transparent and highly opaque applications. A recent development is Holcpearl 'micro'.



HOLCOMER

A plastic packaging additive that protects dairy products from the effect of light. The Holcomer family provides superior opacity for UHT milk packaging. We also offer low TiO₂ versions.

OUR SOLUTIONS

How we contribute to a sustainable industry



TINTMASK

Making recycled PET more re-usable



HOLCOBATCH® CLASSIC

Less energy during processing



TASTEGUARD

Protecting the taste of premium water



HOLCOMER THERMOSTRETCH

Low TiO₂ concept for better recyclability



FASTHEAT

Optimal energy usage



MARKIT

Color solutions for laser marking



SORT

Enhancing the recyclability of your product



NATURAL COLLECTION

Made from renewable resources

Plastics are essential

Strong, lightweight and moldable, plastics are used in thousands of products that add comfort, convenience and safety to our daily lives. Plastic helps to prevent food waste with excellent sealing and enhanced durability and is widely used instead of wood by the building & construction industry.

Adding color to plastic and coatings creates emotion, affects behavior, aids identification and supports safety, depending on the purpose and application. Together with our customers, we co-design sustainable colorants and additives that are efficient, effective and esthetic.





OUR MARKETS

Building & construction

Holland Colours' first customers were PVC pipe manufacturers supplying the building & construction industry. Today, our presence in that industry covers a wide range of products and applications where good dispersion is a key factor. These applications include profiles, sheets, siding, cladding, sealants and flooring.

Packaging

We entered the packaging market later, but today it is a fast-growing part of our business and another showcase for our expertise. There are various trends at play in this market. These include thinner-wall bottles, improved food safety and a growing interest in bio-based and recyclable packaging solutions. We partner with small, medium and large customers to produce packaging for water, carbonated soft drinks, fruit juices, dairy, beer, wine, detergents, pharmaceutical and personal care products. With our wide market experience and strong technology knowledge base, Holland Colours is well-equipped to support the evolution of this market going forward.

Coatings & sealants

The third arm of our business is the coatings & sealants market. This is an important part of our business portfolio, and this will continue to be so in the future. We provide solvent and water-based product solutions to a wide range of customers and applications.

OUR MISSION

Our mission is two-fold:

TO BE RECOGNIZED AS A CONTRIBUTOR TO THE DEVELOPMENT OF A SUSTAINABLE INDUSTRY

TO BE OUR CUSTOMERS' CO-DESIGNER OF COLOR AND FUNCTIONAL SOLUTIONS

OUR CORE VALUES: PROVIDING A FRAMEWORK FOR SUCCESS

Our five core values underpin everything we do as a company. They are part of our DNA and determine how we behave and what we are like as people and as an organization. The values are based on the insight that as the market for colorants becomes more competitive, and good products become the rule rather than the exception, successful companies will need to find additional ways to differentiate themselves.



Accountability

We can be trusted that we take responsibility for what we do (and do not do).



Competence

We have the skills and expertise to do things well.



Pro-activeness

We make things happen instead of waiting for them to happen to us.



Responsibility

At Holland Colours, we are committed to our company, our colleagues, our society and our environment.



Teamwork

The theme of this year's annual report is adding value by teamwork, which is one of our five core values. We work together to achieve one common goal. For us this means:

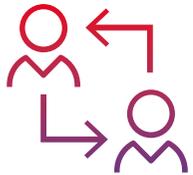
INTERNAL

I support you and you support me to achieve our personal and common business goals. We help each other to learn new things and to take the business forward. This helps us to innovate across our markets, run our business better and to push our sustainability agenda.

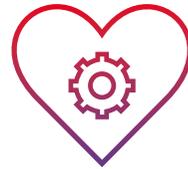
EXTERNAL

We work outside in. We team up early with clients, suppliers and others in the value chain so we can share our ideas and work-in-progress. This enables us to commercialize faster, build a stronger business case for our clients and ourselves, to co-design custom-made and innovative solutions, to deliver world-leading product stewardship support and to provide outstanding service.

OUR DIFFERENTIATORS



We develop existing and new customer relationships into design partnerships.



Our employees are co-owners of the company and we are proud to provide the highest levels of service to our customers.



We do not compromise on regulatory compliance, and we maintain the highest quality standards.



We continuously build our competence and strengthen our innovation capabilities.



EMPLOYEE PARTICIPATION

The togetherness you get when everyone is a co-owner

Plenty of companies offer their employees shares in the business. Typically, it's seen as an employee benefit: a chance to share in the profits. We don't just do that at Holland Colours. We go further. Here's what that means to us.

It's true that every permanent employee gets a free share in Holland Pigments, the investment company that holds a controlling stake in Holland Colours. And it's true that we pay any profit sharing bonus partly in Holland Pigments shares. And that every employee can buy more shares in Holland Pigments if they want to. But our goal is also different. Bigger. Because when you receive a share in our business, you also become a co-owner with a voice in a unique workplace culture based on shared values, togetherness and solidarity with each other. (You can read more about the practical working of employee participation in our story on page 70.)

EMPLOYEE PARTICIPATION DRIVES OUR SUCCESS

As a company, we absolutely believe that employee participation is essential to our success. This belief goes back to 1979, when our founders, having experienced what it was like to work for an organization that placed its employees second, decided to set up their own business. In building a company that would be innovative, client-focused and responsible, they believed that every employee should be a co-owner. They felt it was the right thing to do, a better way to run a business, and the key to ensuring the independence and continuity of Holland Colours.

Today employee co-ownership is based on three principles:

1. Everyone participates via employee shareholding for both social and business reasons.
2. Independence and continuity are more important than short-term financial gains.
3. People and our impact on them is central, both inside and outside the company.

These principles are in line with our core values (Accountability, Competence, Pro-Activeness, Teamwork and Responsibility) and shape what it feels like to work at Holland Colours in all kinds of ways. This includes recognizing and rewarding everyone's contribution to our success and building engagement. It includes viewing entrepreneurship as fun and something to be encouraged. It also includes recognizing that being human in our dealings with each other builds loyalty and the willingness to go the extra mile.



A CULTURE BASED ON CONNECTION, COLLABORATION AND SUSTAINABILITY

The result is a company with a more than 40-year-old ownership model that is uniquely in tune with today's world in which people are increasingly seeking connection, togetherness, responsibility and sustainability in their work. In surveys and discussions, formal and informal, colleagues tell us they feel proud to work for Holland Colours and that doing so gives them a sense of purpose. They love that everyone is included, that everyone's ideas are taken seriously and that everyone can say what they think.

This in turn supports the independence and continuity of the company and enables us to continue to make the right – balanced – choices for people, for planet and for profit. It helps us to be a sustainable organization, to lead the way in driving innovation, to prioritize our clients' interests and to meet their needs with innovative sustainable solutions.

Thanks to employee participation, Holland Colours is a great place to do great things.



REPORT OF THE BOARD OF MANAGEMENT



BOARD OF MANAGEMENT



Coen Vinke

CEO

1963, Dutch

Joined Holland Colours NV

May 1, 2018

Appointment to position

July 12, 2018



Eelco van Hamersveld

CTO

1969, Dutch

Joined Holland Colours NV

December 1, 2017

Appointment to position

July 12, 2018



Geert Rutgers

CFO ad interim

1962, Dutch

Joined Holland Colours NV

January 7, 2022



INTRODUCTION

A STRONG FINANCIAL YEAR

Despite the continuing challenge of COVID-19 to people and economies around the world, Holland Colours turned in a strong performance in the 2021/2022 financial year. While we struggled with the same problems as other manufacturing companies – logistics and supply chain issues; the rising price of many raw materials; increasing energy costs – our people continued to show their commitment to doing what needed to be done to deliver for our clients and justify the trust they place in us.

Overall, our focus on investing in our future and protecting our margins, along with our geographic, product and market mix, enabled us to manage our business successfully. Even though travel and client contact remained at arm's length, and despite continuing to work in 'bubbles' or from home, we continued to serve our clients well.

A lot of this was due to teamwork, which is the theme of this year's Annual Report and which you can read more about elsewhere. In this section of the Annual Report, we look at Holland Colours' performance for the 2021/2022 financial year, touch on the challenges we faced and highlight the steps we took and are taking to secure our growth ambitions over the longer term.

CHALLENGES & OPPORTUNITIES

LIVING WITH COVID-19

Last year was the second year of COVID-19. Unfortunately, things did not return to normal. The good news was that we felt we could cope with the situation and that the organization became less anxious. We kept many of the same measures in place – social distancing, fixed teams, working from home, hygiene measures – from the previous year, and those worked well. Even so, a certain mental fatigue started to set in. There was a lot of pressure on our systems and on our people. Both the Board of Management and our leadership teams in the divisions tried to help where we could, but it remains difficult to manage people individually in this kind of situation. There was some frustration, which we understand. At the same time, we saw a lot of camaraderie and a continued willingness to help each other. That sense of togetherness is something we want to build on going forward.

COVID-19 continued to make it hard for us to interact with clients, and we saw that most customers were primarily focused on maintaining production and meeting demand. They had little time or desire to think about what is new or next. This had the knock-on effect of making it more difficult for us to discuss sustainability and sustainable innovation as a driver for their business growth. However, the long term trend is clear, and we will continue to work on claiming a strong position in sustainability both in the way we work and through the products we develop for the market. Sustainability is integral to our growth strategy and represents a major opportunity and a challenge for Holland Colours.

MAINTAINING SUPPLIES AND MARGINS

Raw materials, logistics and freight tariffs were all challenges in 2021/2022, but we kept our clients supplied. We have dual sources for most products and, as a 'recipe' business, we have some flexibility in raw material choices. However, adjusting recipes demands skill, time and intensive collaboration with the client and internally. That adds pressure. And with the shortages and rising prices of raw materials, we were forced to pass on price increases, which is not something we found easy to do. We protected our margins and oversaw a difficult situation well. We also built up our stock to secure client supplies and as a hedge against future increases.

RESPONDING TO THE SITUATION IN UKRAINE

Ukraine, Russia and Belarus form only a modest part of our business (around 4% of total Holland Colours Group revenues), and we have no own operations there. We have publicly condemned the violence and its impact on the people of Ukraine. We also decided to halt all market and business development in Russia and Belarus, but to continue to supply existing clients in line with EU sanctions. We continue to monitor the situation closely and will follow the applicable international laws and regulations regarding sanctions.

STRATEGIC UPDATE

GROWING TOGETHER 2023

Our *Growing Together 2023* strategy was introduced in 2019 to run to 2023. During the first full year of COVID-19, we suspended its implementation while we got a clearer idea of the pandemic's impact on our business. This decision was later reversed and so we will conduct a new strategic update in 2023, as planned, for introduction from 2024.

The pause in 2020/2021 does however mean that implementation of our current strategy is running slightly behind our original plan. That said, the *Growing Together 2023* strategy was always intended to continue beyond 2023, becoming a continuous improvement program. In that sense, the delay is an issue of timing rather than deadlines, and the main two elements of *Growing Together 2023* – growth and excellence – will continue beyond 2023.

Our strategic goals:

- Protecting and extending global market positions in packaging
- Protecting and extending global market positions in building & construction
- Extending market positions in coatings & sealants, primarily in EMEA



Strategy 2023

Our overall objectives:

- Zero accidents
- Continued revenue growth
- Innovation index over 10%
- Return on Sales of at least 10%
- Return on Investment of at least 15%
- Solvency remains above 60%

Apart from safety and innovation we achieved our strategic goals and overall objectives for financial year 2021/2022. For more information about safety, see the section on Corporate Social Responsibility. For information about innovation, see Product Innovation on page 29.



DELIVERING GROWTH

Growing Together 2023 focuses on growth and excellence, and we broadly achieved our growth goals for packaging, building & construction and coatings & sealants in 2021/2022. See the next section, Financial Key Figures, for more information. Despite the challenge of not being able to visit clients, we still succeeded in gaining share at key clients and acquiring new customers. And general market demand in our strategic business segments – especially in North America and EMEIA – was strong and supported the revenue growth.

DELIVERING EXCELLENCE

On the excellence front, along with aiming for zero accidents (see the Corporate Social Responsibility section of this report for more information), our focus is on core business processes. The aim is to optimize our innovation, commercial, operational and people processes as part of Growing Together 2023.

This also includes updating our IT infrastructure and data management systems.

Innovation

We first focused on improving our innovation processes – Idea to Product. As a result, the development and implementation phase of a first project was completed in 2021/2022. In 2021, we introduced our first product to emerge from the new way of working, Holcopearl for PVC in Asia. More will follow. Overall, we have shifted to a transparent setup in which everyone can see what current and potential projects we have in the pipeline. This enables us to set priorities, define goals and share knowledge. And just as importantly, other people can now share their innovation ideas as well and know that the process will ensure they are taken seriously.

Commercial

With the innovation project well underway, we began working on our commercial processes – Lead to Cash. We have completed the discovery and development phases and have begun implementing improvements. We are supplementing good intuition with data and analysis because, as we grow bigger, it becomes harder to oversee everything that is going on. The result of these initiatives will be to sharpen our client service proposition.

We are bringing more structure to our business consolidation and acquisition processes. We are introducing improved client segmentation and service level definitions. We have set clear KPIs, and we have a new CRM package on order. All these steps will help to drive customer satisfaction and revenue growth.

Operational

We will begin work on the third excellence project – the Source-to-Ship operational process improvement – in 2022/2023.

People

We have been working on defining and developing our Better Together Dialogues since 2019. Following a small pilot with management in 2019/2020, last year we selected, configured and tested talent management software to support a company-wide rollout of the project. This begins in 2022/2023.

The goal with the Better Together Dialogues is to support a personal discussion about each employee's opportunities and challenges, and to learn from each other. This will enable us to make the best possible use of the ambitions and talents of all our people in achieving our strategy.

In 2021/2022, we held a global employee survey. This had an 80% response rate, which is excellent, and on the strategy front, our people overwhelmingly said they understood and supported the strategy. Other findings and feedback from the survey are important for identifying improvement opportunities in different areas.



TEAMWORK AND OUR CLIENT

APPROACHING THE MARKET AS ONE TEAM

Alex Xiong, owner of Moyan, set up his colorant distribution company in Shanghai in 2016 specifically to work with Holland Colours. Mr. Xiong saw that the Chinese market for milk packaging was shifting from cartons to PET. High-end brands in particular were looking to differentiate themselves, and PET bottles offered a way to stand out in Chinese stores. Holland Colours, too, had been looking to enter the Chinese dairy market with our Holcomer light barrier products. When a mutual contact introduced us to each other, we saw an opportunity for both of us.



Mr. Xiong already knew Holland Colours and felt that our Holcomer light barrier products would be a perfect fit in the new market for PET packaging. Key in his eyes was that Holland Colours is a global company and a leader in light barrier technology for PET. A light barrier helps to protect whatever is inside the bottle from the negative influence of UV light, something that is especially important for plastic milk bottles. Ever since the adulterated powdered milk scandal, in 2008, product quality has been a hot topic in the Chinese dairy industry. Regulations are now tight and dairy producers are very careful when developing new products and packaging. In this context, global companies are seen as offering the best quality.

BEYOND A TRUST-BASED RELATIONSHIP

“HCA was the obvious choice as it was one of the few companies operating in this high-end niche market,” Mr. Xiong explains. “It is also a global company. It is an issue of trust and HCA is a leading partner with a global reputation.”

Trust is central to his relationship with Holland Colours, Mr. Xiong says: “The relationship is more than that of a supplier and client. Even more than a partner, because we develop the whole market and win business together. We treat each other with respect, trust, and go to the client as one team. The advantage for me is that it helps to convince the client if HCA comes too. It is teamwork and I am very proud of this cooperation.” HCA provides technology support and provides the dairy industry with insights on performance improvement opportunities in terms of process optimization and quality enhancement. This partnership is positive for both.

SIMPLE STRUCTURE, STABLE TEAM

Another key reason for the strong teamwork is the stability of the team on the Holland Colours side. “HCA is global but has a simple organizational structure. It is simple to deal with,” says Mr. Xiong,

who describes his contacts within the company as friends. “The same people every time, unlike other companies. I also like how HCA does business with respect for the business partner, no matter how big you are. I am relatively small compared with the multinational distributors. Other companies would tend to treat me as a small supplier and with less respect.”

Of course, as well as our successes together as a team, we also have challenges. “When companies in China want something, they want it tomorrow, or today. It is complicated, because clients in China want to work with a global partner, but they also want the speed of a local supplier, and HCA can struggle with this,” he says. “We have to go to Indonesia or Europe for help, and that takes time.” Together we are working to find solutions for these kinds of situations.

MORE JOINT DEVELOPMENT

As for the future, Mr. Xiong has lots of ideas. “I am very satisfied with the current situation, but also I want to do more joint development for other applications. I want us to expand beyond Holcomer and so I hope for more focus from HCA on China.”

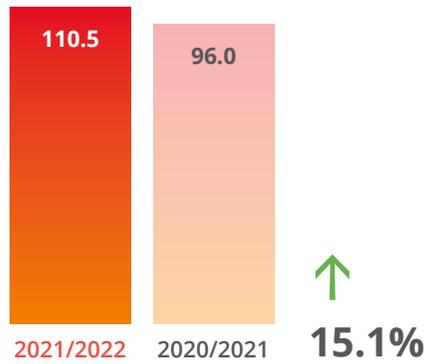
Clearly, the partnership is solid. As a distributor and importer, Moyan provides the logistical support to its dairy clients while Holland Colours takes care of the technology. Mr. Xiong: “The COVID-19 pandemic showed our relationship is strong enough that we have continued to work well together even when we can't meet face to face.”

“We are developing the PET market and winning business together. We treat each other with respect, trust and go to the client as one team”

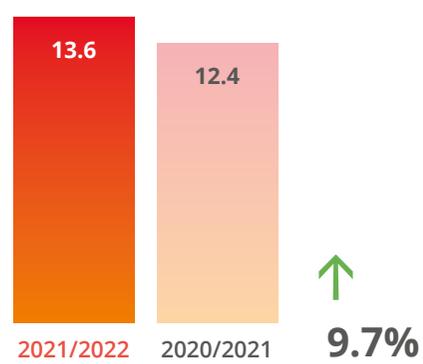


FINANCIAL KEY FIGURES

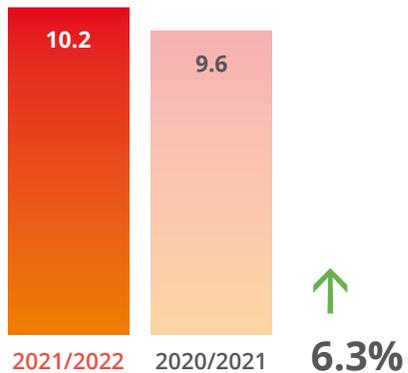
Revenue In million euros



Operating Result In million euros



Net Result In million euros



Return on Sales

2021/2022
2020/2021

12.3%
12.9%

Return on Investment

2021/2022
2020/2021

34.2%
32.6%

Earnings per Share

2021/2022
2020/2021

€11.83
€11.00

Innovation Index

2021/2022
2020/2021

7.9%
12.9%

OWC as % of Revenue

2021/2022
2020/2021

23.5%
20.4%

Solvency

2021/2022
2020/2021

72.5%
73.6%



FINANCIAL PERFORMANCE

Key figures in EUR million	2021/2022	2020/2021	Change
Revenue	110.5	96.0	15.1%
Operating result	13.6	12.4	9.7%
Net result	10.2	9.6	6.3%

Revenue for the 2021/2022 financial year was € 110.5 million, an increase of 15.1% on the previous year (€ 96.0 million). This included a positive impact (€ 0.25 million) arising from the translation from USD to EUR.

The EMEIA division saw a revenue increase of 17.5%. Both volume sold and average sales prices within all focus segments were higher compared to the previous year. Revenue in Asia was down by 3.0% in functional currency, primarily due to lower volumes. Revenue growth of 15.3% in functional currency for the Americas division was the result of higher volumes and higher average sales prices.

The net margin for the group was € 51.6 million, an increase of € 5.4 million on the year before. The margin as a percentage of revenue ended lower at 46.7%, versus 47.7% in the previous year. This decrease was mainly due to increasing raw material prices.

Operating expenses were € 38.0 million, € 4.2 million (12.4%) higher than the previous year, primarily due to increased labor costs. In addition, travel, consultancy and software costs were also higher than the previous year.

The operating result from continued operations was € 13.6 million, versus € 12.4 million for the previous year. The Effective Tax Rate (ETR) was higher than in previous years, mainly because of the impact last year of a non-recurring tax exempt income in the US. After revaluing deferred tax assets in line with the adjusted tax regime in the Netherlands and the 'innovation box' incentive program, the ETR was below the legally applicable rate in the Netherlands of 25%. Please refer to Note 11 of the financial statements for a substantiation of this.

The net result was € 10.2 million (€ 11.83 per share) versus € 9.6 million in the previous year (€ 11.00 per share).

Developments by division

EMEIA

The EMEIA division registered a strong performance, and all segments were up on the previous year. Revenues rose by 17.5% compared with the previous year, from € 49.8 million to € 58.5 million. The overall gross margin percentage decreased from 49.8% to 47.3%.

Key figures in EUR million	EMEIA in EUR millions		Americas in USD millions		Asia in USD millions	
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
Revenue third-party	58.5	49.8	43.7	37.9	16.6	17.2
Operating result	5.8	3.7	4.5	4.5	2.0	3.9



Building & construction and coatings & sealants

The building & construction market was especially strong, resulting in solid demand for our Holcobatch, Holcoprill and Holcopearl products. The sealants market, too, was also very strong compared with the previous year, with volumes and value both up.

Packaging

In the packaging market we, like the whole of the industry, felt the impact of new EU food contact legislation – the 15th Amendment – which effectively prevents the use of new food contact recipes. The 15th Amendment has implications for the formulation of our product that we are currently working to solve. Without this, our packaging business in the EMEIA division would have had an even better year.

Regional developments

Overall, the regions within the EMEIA division performed somewhat differently. The European market picked up in general and the businesses benefited as a result. Growth in the Middle East was slightly lower than the previous year. The UK came roaring back compared with the first year of COVID-19. We had some price battles in India in the first half of the year but regained ground in the second half. Our sales in Africa held up well. Near the end of the financial year, however, we stopped all new market and business development in Russia and Belarus because of the situation in Ukraine. We decided that we are willing to continue supply to existing clients in those countries in line with EU sanctions. We continue to monitor the situation closely and will follow all EU sanction rules if and as they evolve.

AMERICAS

Our Americas division saw revenues increase by 15.3% compared with the previous year, from USD 37.9 million to USD 43.7 million. The overall gross margin percentage decreased from 48.9% to 48.3%.

Building & construction

Our Americas division benefited from a very strong building & construction market. Our leading position in this market in the US and Canada is based on true partnership with large client groups. They value our service, and we collaborate intensively in new product development. Unfortunately, there was little development time available last year due to the very high overall demand. Machine availability for testing was limited and some of our co-development projects slowed considerably as a result. On the positive side, our clients were extremely busy, resulting in high demand for our products.

Packaging

We also saw strong demand in the packaging market, and dairy in particular. This was driven by the introduction of new long-life energy drinks that use packaging made with Holcomer. Markets in Mexico and South America, also mainly packaging, were more or less unchanged from the previous year and continued to suffer from the impact of COVID-19.

ISO certification

Our site in Richmond, Indiana, in the USA, became ISO 9001:2015 registered in 2021/2022, and joins all our other manufacturing sites in holding this registration.

ASIA

Overall, Asia saw revenues decrease by 3.0% compared with the previous year, from USD 17.2 million to USD 16.6 million. The overall gross margin percentage decreased from 51.8% to 47.5%.

Our Asia division saw slightly stronger results in our home market of Indonesia. Packaging in China was flatter as the growth in the market for yoghurt drinks looks to have passed its peak. However, we remain the market leader in UHT dairy packaging in China. Our Asian export markets were largely stagnant due to COVID-19, while continuing restrictions on travel made it extremely difficult to develop new business.



Non-compliant payments

One important event was a report by the management of the Asia division of potentially irregular payments to employees of clients. For more details, see the paragraph on 'Risk-related events 2021/2022' in the Risk Management section, and the Audit Committee section in the Report of the Supervisory Board.

First result of innovation process

In a significant milestone for Holland Colours, the Asia division introduced Holcoperl black colorant for PVC. As the first product to emerge from our new innovation process, this was a true collaborative effort from our production, sales and technology teams.

Working together, they defined the product requirements, identified other potential clients beyond the key client and worked with marketing on a communications plan. Overall, it was a great example of teamwork. It also underlines the opportunities we have to expand our traditional focus from meeting single client needs to meeting those of the wider market.

Representative Office in China

A further development occurred just before the end of the financial year when we got the go-ahead to open a representative office in Shanghai, China. This will help us to explore new niche segments in China.

INVESTMENTS

Holland Colours made a number of investments in our divisions in 2021/2022 to improve production efficiency, open new markets and meet environmental impact requirements. We would like to highlight the following ones in particular:

New production equipment for EMEIA

In the EMEIA division, we approved an investment of € 5.1 million to install new production technology with automatic feeding and a packaging line. The new line will further increase production capacity in response to market demand for Holcoperl, both colored and white. The new line, in Apeldoorn, will support faster production. It will also reduce the need for manual handling thanks to its automated packaging module and integrated raw material feeder. These offer health and safety as well as efficiency and capacity benefits. Also last year, we commissioned a replacement capacity for Apeldoorn and we invested in modernizing production equipment at our plant in Szolnok.

Scaling up Holcoperl in Americas

In the Americas division, an investment in specialized equipment to make Holcoperl at manufacturing scale was completed and production begun. Previously, we only produced this at laboratory scale. Holcoperl's dark colors create new opportunities for us in the North American building & construction markets.

Production and environmental investments in Asia

In the Asia division, the additional equipment we purchased in 2020/2021 was set up and is now coming into operation at our plant in Surabaya. We also began to invest in further tightening our environmental compliance there. And in response to the rising water levels in some districts of Jakarta, we relocated our office in the capital to higher ground.

Overall, we invested € 3.3 million in 2021/2022.



CASH FLOW

Net cash flow came in at € 0.3 million in 2021/2022, versus € 9.0 million the previous year. While the cash position improved over the previous year, the lower cash flow result of € 8.7 million was, among other reasons, the result of a higher cash flow from operating activities of € 0.8 million, the unfavorable development of working capital, which amounted to € 6.8 million, an increase in investment of € 1.4 million, a higher dividend payout of € 0.8 million and higher taxes of € 0.6 million.

The higher working capital of € 6.8 million was mainly due to the higher value of inventories as a result of building up raw material stocks and increasing raw material prices. There were no changes in the company's funding. Except for the liabilities related to IFRS 16, the company remains loan free.

FINANCIAL REPORTING PROCESS

Holland Colours' financial reporting is based on data and formats from the central consolidation system managed by the Corporate Group Controller to ensure systematic operating procedures and data accuracy. Each month, the controllers of the various divisions prepare their financial report based on the monthly YTD results as well as forward-looking data on revenue and margin development. The cost and operating working capital trends are compared to budget targets and prior-year actuals. Financial and business performance are discussed in a monthly business review call with each divisional management team. The consolidated results and summary comments are subsequently sent to the Supervisory Board.

In 2021/2022, we moved much of the audit procedure from head office to the divisions. Following a standardized reporting process, audits can now be performed and signed off by local auditors and then shared with the group. This local for global approach improves the efficiency and speed of our internal reporting structure. This move was part of improving our organizational process in finance and quality assurance.



ORGANIZATION

The Board of Management consists of a CEO, CFO and CTO. Each member has a clear set of responsibilities and decisions are taken at either the divisional or Board of Management level.

There was one change in the composition of the Board of Management. This came with the departure of the Chief Financial Officer, Tanja van Dinteren, as of February 1, 2022. This decision was taken in close consultation with the company and partly on her initiative. We thank Ms. van Dinteren for her work for the company. The CFO position is currently being filled on an interim basis by Geert Rutgers. Holland Colours will take as much time as needed to find the right person to fill this important position. Mr. Rutgers is highly experienced as a CFO and has worked previously on an interim basis for Holland Colours.

In 2021/2022, we strengthened the financial and marketing and communication teams at group level.

On the financial front, the focus is on compliance with growing external requirements on reporting and risk management. We are also improving business intelligence and moving to dashboarding, balanced scorecards and making increasing use of leading KPIs to measure what we do and how we do it, next to lagging indicators.

On the marketing front, the goal is to increase our use of 'inbound marketing'. This technology-based approach involves creating relevant and targeted content that helps our target groups to identify good solutions for their challenges and then come to us to learn more about how we can help.

On the communication front, the goal is to implement an improved content strategy. There are four drivers.

- 1) To demonstrate our unique DNA and distinctiveness to existing and new clients and important stakeholders.
- 2) To improve our employer branding and attract new employees.
- 3) To increase employee pride and involve employees even more in the realization of the strategy.
- 4) To improve our investor relations and stakeholder management.

We have developed a new internal communication program to involve, connect and inform all employees in a better way.



PRODUCT INNOVATION

Our innovation model is based on co-designing color and functional solutions with our clients. Within this, we are placing a growing emphasis on the sustainability and circularity of plastics. We are also moving to a more market-driven approach.

An increasing number of our solutions are based on open innovation with clients, suppliers, research institutions, educational institutions and application partners. Together, we develop next-generation iterations of existing products and breakthrough sustainable and circularity solutions.

MARKET OPPORTUNITIES

The core of our market has been very stable for more than 40 years, leading us, traditionally, to focus our innovation on incremental improvements to our naturally sustainable pigment-encapsulating material. Increasingly though, our markets are changing due to growing client and consumer demand for more sustainable products made with more sustainable processes. This is creating opportunities for us to take bigger strides forward. For instance, we are now approached by start-ups and recyclers whose mission is to reduce, reuse or reclaim plastics. They want our technical knowhow to help them meet their sustainability and circularity criteria. Maybe they want to make a product from 50% recycled plastic. Or they face challenges in material quality and material variation and composition. We can help by innovating products that meet that circular demand.

We continued to invest in innovation for the packaging, building & construction and the coatings & sealants markets in 2021/2022. These programs are progressing to plan. We did, however, feel the impact of COVID-19. This played out in two ways. First, clients tended to focus more on meeting their immediate production needs rather than possible innovation. Second, the restrictions on travel made it harder for us to develop and pilot innovations with our clients. Overall though, the opportunities continue to be there. Packaging is the most visible example, but opportunities exist in every market where coloring recycled materials, improving recyclability, reducing coloring costs, extending product life reducing weight and other related challenges exist.

INNOVATION PROGRAM

Our innovation excellence program has succeeded in optimizing our product development processes, with the first product of this new process being the launch of Holcopearl black for PVC in Asia and Holcopearl Micro in EMEIA. This latter offering completes our portfolio for building & construction and means we can offer a choice of tailored solutions to match the client's setup. The innovation program further includes a rolling launch calendar covering the coming six months.

INNOVATION INDEX

We maintain an innovation index. This rolling list measures the percentage of current-year revenue that came from products launched in the previous five years. The target is at least 10%. In 2021/2022, the figure was 7.9%, down from 12.9% in 2020/2021. There were two reasons for this. First, one of the big contributors to our innovation index exited the list as it was launched more than five years ago. Second, COVID-19 continued to have a negative impact on innovation, making it virtually impossible for us to visit clients to perform co-development innovation and testing. In response, we are increasing our investments in innovation, strongly connected to sustainability, to regain our momentum here.

CORPORATE SOCIAL RESPONSIBILITY

Holland Colours has defined Corporate Social Responsibility to include three key organizational topics. These are safety, sustainability – our people, our products and our processes – and product stewardship. Starting next year, we intend to produce a separate Corporate Social Responsibility report. As a stepping stone to this, we have given the topic its own section in this year's Annual Report. Please go to page 42.



RISK MANAGEMENT

Holland Colours' attitude to risk is reflected in our strategic ambition. Our strategy is to stay close to our proven core technologies and products while responding to and anticipating new market trends and innovations. Chief among these is sustainability and circularity. This represents a trend, an innovation driver and a business opportunity for Holland Colours.

In terms of financial performance, we aim to grow and protect our global market share in the segments we serve and secure profitable growth year on year. This continuity is central to maintaining a sustainable base for our company's long-term profitability. We secure profitable growth in a variety of ways, including by extending our technology base. This is driven by in-house product innovation and/or third-party partnerships.

Another aspect is to foster business opportunities in neighboring product areas and market segments. This way, we can both enter new markets and extend our knowhow in color formulations, additives and applications in ways that are effective and profitable. Here, as elsewhere, our company culture is an important driver for the successful implementation of this strategy. Holland Colours is a partly employee-owned company with direct and informal reporting lines and a strong focus on diversity. Our teamwork-based and caring culture enables us to meet client needs with technological and production capabilities that are global in terms of scale and holistic in terms of approach. Holland Colours values collective effort and teamwork, internally and with our clients.

In 2021/2022, the Board of Management paid extensive attention to assessing key risks that could impact the realization of the company's strategic objectives. The Board assessed control measures and actions that must be taken to 1), manage these risks should they occur, and 2), to exploit the opportunities these risks could offer if they were to materialize. Working closely with the Audit Committee and the Supervisory Board, we carefully assessed our risks and developed a corporate Risk Matrix. The most important risks are summarized below, including the net risks after mitigation actions have been taken.

Our divisions, working in close cooperation with our central functions, are responsible for

maintaining an effective risk and control environment as part of our day-to-day operations. The directors and controllers of our divisions have signed a statement concerning compliance with the guidelines and procedures that are the basis for financial reporting and internal audits. As a company, we also regularly evaluate our insurance cover, the premiums we pay and the policy excess that applies.

HOLLAND COLOURS RISK AREAS

Risk Severity		Risk Likelihood		Risk Level	
Intolerable	****			Extreme	****
Tolerable	***	Probable	***	High	***
Undesirable	**	Possible	**	Medium	**
Acceptable	*	Improbable	*	Low	*



We differentiate between gross and net risk level. Net risks remain after mitigation steps have been taken.

	Gross			Net
	Risk Severity	Risk Likelihood	Risk Level	Risk Level
Strategic				
Size of our current strategic segments plus competitive rivalry	**	**	**	**
Cybersecurity	**	***	***	**
Business agility	****	**	***	**
Compliance				
Laws and regulations	****	**	***	**
Ethics	****	**	***	**
Financial				
Liquidity	*	*	*	*
Other Financial (Currency, interest rates, capital structure)	***	**	***	*
Operational				
Safety	****	***	****	***
Supply	****	***	****	**
Intellectual property	****	***	****	*
Human resources	**	***	***	***
Quality	**	*	**	*



	Gross			Net
	Risk Severity	Risk Likelihood	Risk Level	Risk Level
Society				
Global economy and politics	****	**	***	***
Sustainability				
Process	**	***	***	*
Product	**	***	***	**
Fraud				
Product pricing	**	***	***	**
Authorization matrix	**	***	***	**
Gifts from/to relations	**	***	***	*
Agency commissions	**	***	***	**



Strategic

	Gross			Net
	Risk Severity	Risk Likelihood	Risk Level	Risk Level
Size of our current strategic segments plus competitive rivalry	**	**	**	**
Cybersecurity	**	***	***	**
Business Agility	****	**	***	**

SIZE OF OUR CURRENT STRATEGIC SEGMENTS PLUS COMPETITIVE RIVALRY

Sustainability and recycling increase the reuse of polymers. This could reduce the need for color concentrates but is also an opportunity for functional additives. We closely monitor developments in our core segments and explore opportunities for innovations in other niche segments.

Overall, our global presence and strong relationships with key players in both the packaging and building & construction industries continue to drive the development of our product portfolio. To protect our technology, we apply for patents where feasible.

The risk that we lack scale or are seen as lacking scale continues to receive full management attention and we are focused on developing the right products and technologies. Our divisional sales and technology teams, in conjunction with our Chief Technology Officer along with our Innovation Manager and Global Product Market Managers, play a central role in mapping our path ahead.

We also closely track the dynamics in what is a competitive landscape. We see, for example, that global players are separating their colorants businesses, acquiring compounders or teaming up with others. And in North America in particular, we see some trends towards concentration in our client base.

These trends present both challenges and opportunities for smaller players like us that have a global reach serving niche markets based on a service-oriented approach. For instance, there is a trend towards the standardization of technology and machinery among converters in the packaging industry.

Brand owners in this segment are also having a growing impact. As these are global trends, we manage this segment of our business on a global basis where it relates to strategy and product innovation.

One of the risks of being a relatively small player with a global reach is that we could end up stretching our resources too thinly over the globe, while at the same time failing to be effective in local markets. Given this, we use different go-to-market models to spread our risk and we remain closely connected to local developments. In the North American region, we work with local sales offices.

In EMEIA and Asia, we have dedicated sales representatives in the various countries, in some cases combined with dedicated distributors. For efficiency reasons, our product supply remains predominantly regional. From time to time, we evaluate the efficiency of the model and its elements and make changes where needed.



CYBERSECURITY

Cybercrime risk is increasing and becoming more severe. We regularly train personnel with respect to cybercrime. We also perform penetration tests through an external partner on a regular basis. We have insurance coverage for cybercrime.

BUSINESS AGILITY

This covers the risk that the company and our employees will be unable to adapt rapidly and cost efficiently to changes in the business environment. The ongoing investment in digitalization and new software will increase performance levels, professional behavior and process orientation.





Compliance

	Gross			Net
	Risk Severity	Risk Likelihood	Risk Level	Risk Level
Laws and regulations	****	**	***	**
Ethics	****	**	***	**

These risks refer to insufficient knowhow and the measures we have in place to properly manage ever-changing local and international compliance requirements.

LAWS AND REGULATIONS

Without an internal control department or compliance department, there is no independent body to control the business and fraud risks. Employees are co-owners of the company and as such responsible behavior can be expected from them. Nonetheless, our Code of Conduct needs to be actively monitored and communicated.

In our risk assessment processes, we focus on strictly managing the introduction of new raw materials and on product and production compliance. In the packaging segment, we are subject to audits and reviews by our clients, which helps to keep us close to and aligned with their requirements, and to comply with international regulations related to the use and application of materials.

From a preventative perspective, we partner closely with our key clients to interpret new regulations. We achieve this by reformulating products and/or changing our internal operations where needed. The latter may also be prompted by client audits (mainly in packaging). All our manufacturing sites are ISO-registered and subject to regular audits, including, since this year, our site in Richmond, Indiana, as well.

When it comes to incidents, we take a similarly structured approach to learning from them. Our complaints registration and handling system has achieved outstanding scores for its structure and content in multiple ISO audits. Complaints are discussed promptly by a Quality Assurance team consisting of Sales, Operations, Technical and Quality Management, with follow-up on the elimination of root causes. Product compliance and complaints management are an agenda item at divisional management team meetings, while product liability risk is covered in the agreements with clients and suppliers and insured through third parties.

ETHICS

We work in different areas with different cultures. We also work with agents and distributors. We want not only our employees but also our business partners to show responsible and compliant behavior. The five core values (Accountability, Pro-activeness, Competence, Responsibility and Teamwork) of Holland Colours and our Code of Conduct provide a strong basis for the culture of the company. In order to manage our risk exposure we will introduce an Ethical Compass in 2022/2023.



Financial

	Gross			Net
	Risk Severity	Risk Likelihood	Risk Level	Risk Level
Liquidity	*	*	*	*
Other Financial (Currency, interest rates, capital structure)	***	**	***	*

LIQUIDITY

The risk that we do not have enough cash to pay our employees and suppliers. Holland Colours is debt free and has positive operational cash flows.

OTHER FINANCIAL (CURRENCY, INTEREST RATES, CAPITAL STRUCTURE)

The risk posed by currency exchange fluctuations. We do business in USD, IDR, GBP, EUR, CNY, MXN, CAD and HUF. We have both revenues and expenses in all currencies, so some natural hedges are in place. We monitor net effect on a continuous basis. Further, this is an acceptable risk.

Holland Colours continuously monitors elements that could jeopardize our financial health. The risks that are part of our regular business operations (such as currency and credit risks) are listed in the Financial Risk Management section of the Financial Statements. The financial risks related to the funding of the company are limited. We are debt-free with a standby credit line for ad hoc needs.



Operational

	Gross			Net
	Risk Severity	Risk Likelihood	Risk Level	Risk Level
Safety	****	***	****	***
Supply	****	***	****	**
Intellectual property	****	***	****	*
Human resources	**	***	***	***
Quality	**	*	**	*

SAFETY

Health and safety risks are inherent to our operation given that we are a company with manufacturing processes and laboratories, significant many manual work and manual internal logistics. We work according to a Safety Ladder concept that addresses all aspects related to safe behavior. The Safety Ladder methodology has been introduced globally, although it is still less well known outside Europe. Local practices and regulations also form part of our safety programs. The Board of Management is informed within 24 hours about L1 and L2 incidents. Learnings from near misses are shared between the divisions. Information about a healthy lifestyle and good ergonomics are shared with employees and we have programs in place that contribute to the well-being of our employees. Continued training in health, safety and, in particular, awareness and behavior are in place.

SUPPLY

Any inability to secure raw materials on time disrupts our production process and means we cannot supply our clients. Our multiple sourcing strategy reduces this risk significantly.

INTELLECTUAL PROPERTY

This is the risk that our IP is used by our competitors. Our IP is registered. The recipes are protected by means of a good IT infrastructure and recipes are difficult to produce in production environments that are not part of Holland Colours.

HUMAN RESOURCES

Our workforce is aging. In western countries (sites in Europe and USA), labor markets are tight. There are fewer people interested in and/or available for jobs in operations. We are paying increased attention to ergonomics and investing in training and automation to make these jobs more attractive.

QUALITY

Quality control reduces the risk that our products will be recalled due to production errors. Holland Colours has a fully-fledged stewardship department which ensures adherence to international standards and regulations regarding the use of raw materials for defined applications (e.g. food contact).

We have incorporated the scale-up phase as an integral part of projects that relate to new product innovation. All global projects are subject to extensive review by our Chief Technology Officer and subsequent approval by the Board of Management. Special attention is paid to staffing and other needs during the scale-up phase. Market launch is prepared under the direct supervision of the Head of Global Marketing during the final phase of a product development project. Coordination between the project leader and Global Marketing begins early, during the test marketing stage.



Society

	Gross			Net
	Risk Severity	Risk Likelihood	Risk Level	Risk Level
Global economy and politics	****	**	***	***

GLOBAL ECONOMY AND POLITICS

We have a large geographical footprint and we operate in a lot of areas that are not politically stable. The political situation in a country or region could influence the business or project management (especially given the high number we currently have running). We monitor the risks and act upon them. It is highly unlikely that political and economic risks will happen in many different regions at the same time.

Export sales to Russia, Belarus and Ukraine represent less than 4% of total Holland Colours Group revenue. This revenue is now at risk because of the armed conflict in the region. As a result, we changed our policy related to doing business in the region and communicated this shortly after the outbreak of the armed conflict. We halted all business developments but decided that we are willing to continue to supply existing products to existing customers under the prevailing EU sanctions. The company will continue to monitor the situation closely.

Sustainability

	Gross			Net
	Risk Severity	Risk Likelihood	Risk Level	Risk Level
Process	**	***	***	*
Product	**	***	***	**



PROCESS AND PRODUCT

We have established ambitious goals for 2030. The risk is that we experience delays in achieving these goals. We have made sustainability an integral part of our strategy and this topic is high on our agenda with a roadmap being put in place. The divisions are developing concrete actions and we are in the process of hiring a sustainability manager.

Fraud

	Gross			Net
	Risk Severity	Risk Likelihood	Risk Level	Risk Level
Product pricing	**	***	***	**
Authorization matrix	**	***	***	**
Gifts from/to relations	**	***	***	*
Agency commissions	**	***	***	**

The risk of the possibility of the company being subject to fraudulent activity. The company identified, among others, the following areas:

PRODUCT PRICING

We have a process in place for authorizing product pricing. There is no formal control in place regarding adherence to the procedure. However, it is under control because of the regular analyses we run of our margins during end-of-month procedures.

AUTHORIZATION MATRIX

We have an initial draft and the company will finalize the matrix in the coming financial year.

GIFTS FROM/TO RELATIONS

Our Code of Conduct includes rules related to these gifts. In general, any potential gifts from suppliers or business partners (especially those received around Christmas) are collected centrally and distributed among all employees.

AGENCY COMMISSIONS

In some markets, Holland Colours works with distributors or agents. Two years ago, all Holland Colours agents signed the Code of Conduct that applies to them. For new agents, this Code of Conduct is an integral part of their contract. Every year, we will evaluate and register whether a controversial situation has occurred in the context of the Code of Conduct, and how it has been dealt with. All Holland Colours distributors have received the Code of Conduct and an accompanying letter in which we ask them to act in accordance with it.



Risk-related events in 2021/2022

2021/2022 saw two events related to our risk management policies.

PAYMENTS THAT DID NOT COMPLY WITH THE CODE OF CONDUCT

During the past financial year, the management of the Asia division reported an incident that appeared to conflict with our Code of Conduct. Following a discussion regarding the Risk Matrix and the Code of Conduct it appeared that irregular payments were made to employees of customers.

Upon this report group management ordered these payments to be stopped immediately and formed a steering committee within Holland Colours to investigate this matter.

The committee consisted of the chair of the Audit Committee and the head of the legal department, and they asked an international law firm to conduct the investigation. The conclusions of this investigation were reported to the Audit Committee in March 2022 and have been communicated externally in a press release dated March 10, 2022.

The investigation found evidence of payments made to employees of a limited number of customers over a period of at least eight years. Total payments varied between USD 16,000 and USD 75,000 per financial year over these eight years. The payments were accounted for in the accounts of PT Holland Colours Asia, but certain administrative aspects were not done properly. Although these payments themselves do not violate Indonesian law, they do not comply with the Holland Colours Code of Conduct. Warning letters were sent to the employees directly.

Following this incident, the Board of Management sent a letter dated March 31, 2022, to all legal representatives of all group companies to remind them of the importance of compliance with the Code of Conduct, the Purchase Code, the Whistle blower Policy and the Agent/Distributor code. Awareness is considered a key element and we are acting to remind people of this. We will also train them accordingly, to emphasize its importance.

In addition, the Board of Management informed the employees of the company about the following planned remediation actions:

- The introduction of an Ethical Compass to emphasize the importance of integrity to employees. This will help them to take moral considerations into account around risk-sensitive integrity issues. Typical themes will include fraud, bribery and corruption, psychological and physical safety and cybersecurity. We intend to launch the Ethical Compass in the second half of 2022/2023.
- The introduction of a Due Diligence process to monitor compliance with local laws and regulations per division/subsidiary.
- The introduction of an ABAC policy (Anti-Bribery Anti-Corruption) and Dawn Raid Manual.
- Changing the current whistle blower policy based on the new legislation following the bill as result of European Directive 2019/1937 The Whistleblowing Directive.
- The fact that the CEO also acts as our Compliance Officer and in this role, he actively monitors adherence to the Code of Conduct on behalf of the Board of Management in conjunction with all legal representatives of the company and local management.

Another action has been to set up the Risk Matrix mentioned earlier in this section.

In addition to social, strategic, financial, operational, political and sustainability risks, the matrix includes risks related to compliance with laws, regulations and our policies and codes. The Board of Management will discuss these with the statutory board of each subsidiary company on a half-yearly basis.

THE SITUATION IN UKRAINE

As mentioned elsewhere, Ukraine, Russia and Belarus form only a modest part of our business (around 4% of total Holland Colours Group revenues), and we have no own operations there. We have publicly condemned the violence and its impact on the people of Ukraine. We have further decided to halt all market and business development in Russia and Belarus, but to continue to supply existing clients in line with EU sanctions. We continue to monitor the situation closely and will follow the applicable international laws and regulations regarding sanctions.



OUTLOOK 2022/2023

Holland Colours traditionally does not include forward-looking statements in our Annual Reports. We made an exception in the last two financial years because of the exceptional circumstances and potential impact of COVID-19. However, with the situation around COVID-19 currently less severe, and having learned, to a degree at least, to cope with its impact, we are reverting to our previous approach. Obviously, we will continue to monitor the COVID-19 situation and its wider consequences closely, as we will the situation in Ukraine. Clearly, there continues to be a very high degree of uncertainty about current events and what these will mean for the global economy, for our clients and so for our business going forward.

DECLARATION OF THE BOARD OF MANAGEMENT

In accordance with provision 1.4.3 of the Code and Section 5:25c of the Dutch Financial Supervision Act, the Board of Management declares that, to the best of its knowledge:

- The Report of the Board of Management as included in this Annual Report provides sufficient insights into any deficiencies in the effectiveness of Holland Colours' internal risk management and control systems;
- The aforementioned systems provide reasonable assurance that Holland Colours' Financial Statements contain no material errors;
- The Report of the Board of Management lists those material risks and uncertainties that are relevant to the expectation regarding Holland Colours' continuity for a period of twelve months following the preparation of the Report of the Board of Management;
- The Financial Statements as included in this Annual Report provide a true and fair view of the assets, liabilities, financial position and profit for the financial year of Holland Colours and the group companies included in the consolidation; and
- The Report of the Board of Management as included in this Annual Report provides a true and fair view of the situation on the balance sheet date, business development during the financial year of Holland Colours, and of its affiliated group companies included in the Financial Statements. The Report of the Board of Management describes the material risks to which Holland Colours is exposed.

Apeldoorn, May 25, 2022

Board of Management

Coen Vinke (CEO)

Eelco van Hamersveld (CTO)

Geert Rutgers (CFO ad interim)



CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility (CSR) is central to our organization, to our position in the market and the way we want to work. Because of this, we include three key organizational and operational areas under our CSR umbrella. These are safety, sustainability and product stewardship. Next year, we intend to produce a separate Corporate Social Responsibility report. As a stepping stone to this, and to underline the importance of CSR as a driver for our business, we have given the topic its own section in this year’s Annual Report.

Safety

We are determined to provide a safe and healthy working environment for our people. That is our number one priority. Here, there is only one definition of success: zero accidents. We therefore train and encourage our employees to report incidents, accidents and near misses, to learn from them and to improve our processes, procedures and behavior when these do occur.

We have defined four safety categories:

- An L1 accident is a lost-time injury;
- An L2 accident is one that requires external medical treatment (rather than first aid), or which leads to restricted duties for the person involved;
- An L3 incident is one that requires first aid or involves damage to material or in which smoke or fire are involved;
- An L4 incident which relates to a near miss.

The numbers of accidents (L1 and L2) fell by one in 2021/2022 versus the previous year, while the number of L3 incidents increased by 18. The increase in incidents was due to the increased reporting efforts across all regions regarding safety and related activities. These efforts formed part of the action plans contained in our Safety Culture Ladder.

The increase in near-miss incidents (L4) reporting is a positive trend as it helps the organization to proactively address risk situations. We continue to increase our efforts on safety to ensure a safe workplace.

Safety	2021/2022	2020/2021
L1 : Lost time	5	7
L2 : Restricted Duty / Medical Treatment	2	1
L3 : First Aid, Material or Fire	55	37
L4 : Near miss	166	17

THE SAFETY CULTURE LADDER

Our main goal, zero accidents, underlines the need for the program we introduced in 2020/2021 – the Safety Culture Ladder. This program aims to change our attitude and behavior regarding safety by encouraging each of us to signal potential accident or injury risk factors. To be proactive and to take preventative measures. This goes beyond simply following the rules. The program has been embraced by all divisions, though its initial rollout was slowed by COVID-19. In 2021/2022, we did better in terms of managing safety, but this has not yet fed through to our overall safety performance. However, the number of near miss reports went up. This can be seen as positive because it indicates that there is a greater general awareness around safety.

In 2021/2022, every division had an active safety audit team, and all divisions moved up the ladder compared with their 2020/2021 baseline assessment, getting closer to fully completing step 3. There is more focus on avoidance through reporting near misses and more focus on anticipation versus reacting. The Board of Management has also given a clear signal to the organization regarding our safety targets. At the start of 2021/2022, the Board of Management set a rule requiring the organization to report all L1 and all L2 accidents to them within 24 hours of the event occurring. This must be followed up with a written report within 48 hours.



Aiming for zero accidents

We are determined to provide a safe and healthy working environment. We therefore aim for zero accidents. We continuously train our people and work to create the right conditions so each of us can do our best every day.

As part of this, we encourage everyone to report not only accidents and incidents but near misses as well. Near misses are things we see or experience that are or could be dangerous, but which thankfully have not led to an accident. Therefore, the more near misses we report, the fewer incidents and accidents there will be as it means we can act to prevent them.

THE SAFETY CULTURE LADDER

The goal of the Safety Culture Ladder is to support the organization in embedding a consciously proactive attitude to safety. This means both following the rules *and* actively thinking about, spotting and flagging safety risks as people do their work. This approach to safety is all to do with attitude, behavior and culture. Do people feel they can raise what they see as an unsafe situation? Do they recognize potentially unsafe situations? Is safety discussed regularly and do employees feel heard on safety issues? The ladder was developed for the construction industry, which employs a lot of onsite contractors. The fifth step is therefore less applicable to Holland Colours. Our goal is to achieve step four: Proactive.





Sustainability

Part of our mission is 'to be recognized as a contributor to a sustainable industry.' This involves working as a co-design partner to create solutions that support our clients in their sustainability goals. Through this, we contribute to the creation of a sustainable society.

In 2020/2021, Holland Colours communicated a new sustainability vision and framework as part of our Responsibility core value. The vision that emerged is ambitious: "We envision a colorful world in which we are the winning sustainable solution." As an ongoing work-in-progress, the framework underpins how we want to approach the three central sustainability topics for Holland Colours: our people, our products and our processes.

The sustainability framework provides a tool for evaluating and making product, process, people, technology and other decisions. It also provides a guide for the choices and impact each of us at Holland Colours chooses to make, from big things to small. And it acts as an umbrella for the numerous community outreach programs our divisions operate in the US, Asia and Europe.

IN OUR DNA BUT MORE RELEVANT THAN EVER

Sustainability has always been a feature of our pigment encapsulation technology as it is based on a natural resource. This puts us in a strong position to respond to our clients' growing expectations in this area. They increasingly expect our products, and by extension theirs, to be sustainable, whether that means renewable, recyclable or circular. The impact of these changes is most obvious in the use of colorants and additives for packaging. However, we see the same trend in building & construction and in coating, sealant and adhesive applications. Addressing sustainability issues and circular economy requirements is going to be a key issue for the ongoing continuity of Holland Colours.

"Sustainability at Holland Colours covers three areas: our people, our products and our processes"

OUR FOCUS

Within sustainability, we concentrate on three broad areas: our people, our products and our processes. This focus is derived from a selection of the United Nations Sustainability Development Goals (SDGs). Of the 17 SDGs, we singled out six that we feel are most relevant to Holland Colours internally, to our clients, to brand owners and to our value chain partners. They are SDG numbers:



3. Good health and well-being;



7. Affordable and clean energy;



8. Decent work and economic growth;



9. Innovation and infrastructure;



12. Responsible production and consumption; and



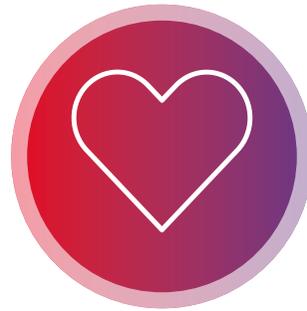
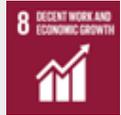
17. Partnership.



FOCUS AREAS

Based on the selected SDGs, we defined three focus areas:

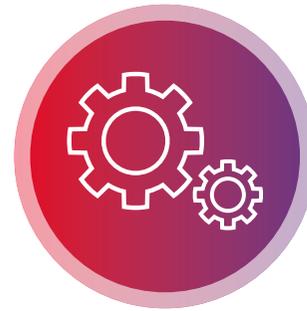
WE ENVISION A **COLORFUL** WORLD IN WHICH WE ARE THE **WINNING SUSTAINABLE SOLUTION**



Our People

We protect the safety, health and welfare of HCA employees and offer development opportunities to all. Given our geographical spread, we consider it important to employ nationally.

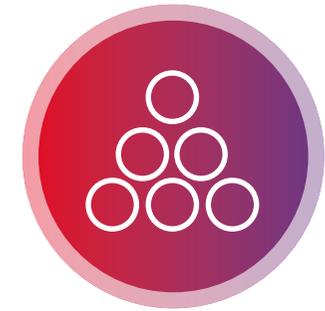
We invest at least 2% per year of our personnel expenses in responsible care for our employees. This investment is used to deliver training, for individual and team development and/or as time that can be spent on local social aid activities.



Our Processes

We service our customers with products that are produced regionally, and we design our processes to support the sustainable use of energy and raw materials.

By 2030, we will have reduced the CO₂ impact of our operational activities by between 30% and 50%.



Our Products

Together with our customers and partners, we co-create sustainable solutions and develop products that enable recycling, the reduction of food waste and the reduction of energy consumption.

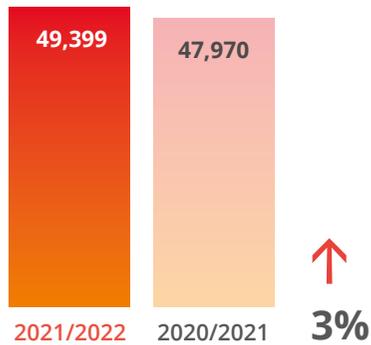
We will structurally increase our annual investment in innovation. By 2030, 90% of our revenue will be based on products that contribute to sustainability.



CSR FIGURES

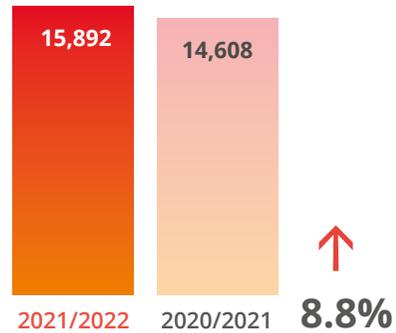
Energy Consumption

In gigajoule



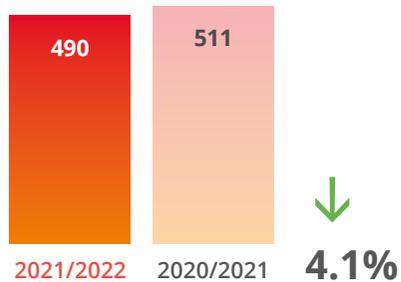
Materials

In tons



Emissions

CO₂ equiv-g



Water consumption

In m³



Waste

In tons



New hires by gender

In total



Diversity & Equal Opportunities

In %





A NEW BASELINE AND ACTION PLAN

In 2021, we began establishing the foundations for our future sustainability measures. This includes conducting a new baseline measurement to assess how environmentally friendly we are now. In addition, we have begun creating awareness about sustainability internally by communicating about sustainability, our vision and our goals and so stimulating the internal conversation. Later this year, we will develop a 'One HCA' global action plan. This will be made by all employees. They will be able to contribute and be involved in reaching our goals. And from 2023 onwards, we will use this to share, improve and optimize what we do.

OUR PEOPLE

As a company, we continuously train our people and work to create the right conditions for each of us to give our best every day. We are strong supporters of training on the job, with external training and education available as needed. As well as skills-based training (the knowledge needed to do a specific job or operation), we are increasingly looking at supporting wider personal development based on competencies training (knowledge and behaviors that enable someone to be more widely successful within Holland Colours).

This transition is driven by changing business needs and by the need to attract new talent who see self-development and personal growth as key criteria when choosing an employer. As a company, we are going to become more digital and more data-driven. With uncertainty increasing, the world in which we operate is becoming more complex. We therefore need to prepare ourselves for what is coming and to attract the next generation of Holland Colours employees. Building our competencies will enable us to learn and act faster as an organization and for each of us to behave more proactively.

Better Together Dialogues

Part of our transition involves teaching ourselves to become a learning organization that delivers higher performance. In 2020/2021, we conducted a small-scale pilot to provide competencies-related feedback to around 50 employees. The pilot, called the Better Together Dialogues, was a first step in assessing how we can build talent

development and employability into our HR processes. Last year, we expanded the Better Together Dialogues ahead of a wider rollout in financial year 2022/2023. We also selected an IT tool to support the process and trained our leaders.

The idea behind the Better Together Dialogues is to support a personal discussion about each employee's opportunities and challenges, and to learn from each other. By doing so, we create a sustainable workplace in which our people can grow and flourish according to their own needs, ambitions and work-life situation.

The reaction has been positive, with people enthusiastic about the idea of having open, goals-oriented career discussions. The next step is to hold these conversations across the company. Even though they are still in an early phase, the Better Together Dialogues have already triggered an increase in people taking steps to develop – for example, by requesting coaching.

Social outreach

Also in 2021/2022, each division committed to setting aside 2% of its personnel costs for training and development and social action programs. This money is used to fund structural development activities, such as leadership training for the Better Together Dialogues, plus things like training in continuous improvement and team effectiveness training.

Turning to the social aspects of our people commitment, March this year saw our employees rally round to help the people of Ukraine. They sent clothes and other goods from Apeldoorn to our factory in Hungary, where they were handed to the local authorities and the Red Cross for distribution. In addition, our employees around the world raised money to help Ukrainian refugees. Holland Colours and Holland Pigments also made donations.



OUR PRODUCTS

Sustainability is moving from a nice-to-have extra to a key driver for innovation in our industry. That trend weakened a little because of the impact of COVID-19, as clients focused on meeting their immediate production needs, but this has not changed the underlying direction in which our industry is going. The whole materials market is facing a fundamental shift from fossil fuels to sustainable alternatives, and from use-once consumerism to reuse and full circularity. Logistics, economies of scale, the location and availability of raw materials and the unpredictability of geopolitics are also factors in this trend. This shift will form part of the focus of our next strategic review and the strategy that emerges from this.

As mentioned, 2021/2022 was in some ways a standstill year in terms of sustainable product introductions and product innovation. The impossibility of traveling to monitor pilot trials, for example, and our clients' understandable focus on meeting immediate production and market needs were limiting factors. However, we continued to build our understanding and awareness of where we stand. We worked to get a more detailed insight into where our client needs lie. We continued to reach out to our suppliers to learn more about how they develop their products and to explain to them, where necessary, about the need to consider the sustainability impact of their products on what we make and innovate.

OUR PROCESSES

Measured against our current baseline measurement from 2015, we have reduced our CO₂ footprint in 2021/2022 by 25% per kilogram equivalent. This continued the downward trend of recent years. In part this was because we traveled less, but it was also the result of a changing balance within our product mix and better efficiency and plant utilization.

The table shows the overall progress we have made over the last few years. For this, we have measured and tracked our CO₂-equivalent per kilogram in line with the Global Reporting Initiative's G4 guidelines. As indicated last year, our ambition regarding the sustainability of our processes is to reduce our impact by 30-50% CO₂/kg by 2030, compared with the baseline of 2015. The results in 2021/2022 show that steps we have taken have delivered an overall reduction of 25%.

As new standards for measuring and reporting impact have been introduced, we have decided to update our measurement in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, the Corporate Value Chain (Scope 3) standard and the Product Life Cycle Standard of the World Resources Institute (WRI). This change will go into effect in financial year 2022/2023.

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
CO ₂ equiv-g	654	698	642	622	557	511	490
% reduction vs. 2015	0	0	2%	5%	15%	22%	25%

Electricity is the biggest factor in our CO₂ footprint. We have invested in more efficient equipment and energy saving steps like LED lighting and more efficient heating. These are small steps with a significant impact. The big steps are still to come. If we can change to green electricity supplies, for example, we will be able to reduce our footprint further. We also see opportunities to reduce our footprint by translating sustainability best practices between our production sites.

Product Stewardship

Our Product Stewardship team is recognized as a trustworthy source of information not only by our clients and suppliers, but also by brand owners as well. The team also represents a key pillar in our commitment to sustainability. The team provides product health and safety declarations to clients and translates external regulations into internal advice on how we should prepare to comply with them.

In 2020/2021, the team took a lead in informing our clients and the wider market about the plans by the European Union to ban the use of titanium dioxide (TiO₂) in PET bottles. The team followed the development of the regulations and interacted with suppliers on how to implement them in their product development, product statements and client communications. In the end, the ban, whose six-month phase-out period began in February 2022, will have less impact on our clients than we first thought. However, our communications and awareness-raising actions have been highly appreciated by the market.

Last year, we again demonstrated our product stewardship credentials by acting promptly and openly to inform our clients of the impact of the EU's 15th Amendment changes on PET packaging. Many of our clients were unaware of the new amendment or its potential impact, and they appreciated the fact we informed them openly and honestly. We are currently working to reformulate our products in line with the revised rules on food contact materials.





CORPORATE GOVERNANCE

Holland Colours is a limited liability company with common shares publicly listed on the Euronext Amsterdam stock exchange.

The company's management structure complies with Dutch law and has a two-tier structure consisting of a Board of Management and a Supervisory Board.

Holland Colours promotes responsible behavior towards society and the environment, while at the same time taking into account the interests of its various stakeholders: employees, shareholders, other capital providers, customers and suppliers. The Board of Management and Supervisory Board are ultimately accountable for giving due consideration to the interests of all parties involved, focusing on the continuity of the company and long-term value creation for relevant stakeholders, both at present and in the longer term, and are held accountable for the performance of their duties by the Annual General Meeting of Shareholders (AGM). The risk management strategy and the internal control framework play an important role in this process. For a description of these systems, please refer to the section on Risk Management.

Corporate Governance Framework

Holland Colours is incorporated and based in the Netherlands. As a result, our governance structure is based on the requirements under Dutch legislation and the company's Articles of Association, complemented by internal policies and procedures. Given the worldwide exposure of our business, we conduct our operations in accordance with internationally accepted principles of good governance. Good corporate governance, long-term value creation and engagement are key components of the Holland Colours culture and way of doing business. They are embedded in our core values. Holland Colours endorses the principles of the Dutch Corporate Governance Code (the 'Code'), the content of which is available at www.mccg.nl.

The Code is reflected in the regulations of the Board of Management and the Supervisory Board. In addition, the Diversity Policy and a Policy on Bilateral Contacts with shareholders have been updated, and the Articles of Association of Holland Colours have been aligned with the Code.

The statutory responsibility resides with the Board of Management. This consists of the CEO, CFO and CTO. At this moment the CFO position is vacant, and temporarily filled by a non-statutory interim CFO. They convene every two weeks with a formal agenda and a list of action items and decisions made. The Board of Management holds regular meetings with the divisional management teams for monthly business reviews and quarterly updates on major projects. Large product, technology, innovation and capex projects need specific approval by the Board of Management. Cost budgets are approved as part of the annual budget review. During the extraordinary circumstances related to COVID-19, the Board of Management and divisional managers participated in regularly digital meetings to discuss, align and act on the actual situation, and the Supervisory Board was kept informed.

The Board of Management is held accountable by the Supervisory Board for defining and implementing the company's strategy as well as its day-to-day operational management. The members of the Board of Management attend the periodic meetings of the Supervisory Board as well as incidental update calls. The CEO is the main contact for the Supervisory Board.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The AGM is an integral part of the company's governance and its system of checks and balances. The AGM reviews the Annual Report and decides on the adoption of the financial statements, the dividend proposal, the discharge of their duties performed by the members of the Supervisory Board and the Board of Management, and the adoption of the remuneration policy of the Board of Management and the Supervisory Board.

The AGM is convened by public notice. The agenda, the notes to the agenda and the procedure for attendance and voting at the meeting are published in advance and posted



on the corporate website. Matters proposed for consideration, approval or adoption are dealt with as separate agenda items and explained in writing in advance of the meeting.

These proposals include, where applicable:

- Adoption of the financial statements;
- Dividend proposal;
- Discharge of their liability for the duties performed by the members of the Supervisory Board and the Board of Management;
- Appointment and reappointment of members of the Board of Management and the Supervisory Board;
- Remuneration policy of the Board of Management and the Supervisory Board;
- Appointment of the auditor;
- Other important matters, such as major acquisitions or the sale or demerger of a substantial part of the company, as required by law or under the Articles of Association;
- Authorization of the Board of Management to issue new shares;
- Amendments to the Articles of Association.

The company provides options to its shareholders for voting by proxy. Holding shares in the company on the registration date determines the right to exercise voting rights and other rights relating to the AGM. All resolutions are adopted according to the 'one share, one vote' principle and by an absolute majority of votes, unless the law or the company's Articles of Association stipulate otherwise.

Holders of common shares that in total represent at least 1% of the total issued capital may submit proposals for the AGM agenda. Such proposals must be adequately substantiated and must be submitted in writing, or electronically, to the company at least 60 calendar days in advance of the meeting. The draft minutes of the AGM (in Dutch) are made available on the company's corporate website within three months of the meeting date. The final minutes (in Dutch) are available on the corporate website within six months after the meeting date.

DIVERSITY POLICY

Holland Colours highly values diversity and endeavors to reflect this in the composition of its Board of Management and Supervisory Board. The objective of the Diversity Policy is to enrich the Board of Management's perspective, improve performance, increase member value and enhance the probability of achievement of Holland Colours' goals and objectives. The policy is designed to promote diversity, including in terms of nationality, age, gender, education and professional background. One out of four members of the Supervisory Board is female. Until February 2022, the Board of Management consisted of one woman and two men. Following the departure of Tanja van Dinteren, the Board of Management temporarily consists of two men. Further information about the composition of the Board of Management and the Supervisory Board can be found in the reports of the Board of Management and the Supervisory Board (and its profile).

COMMITTEES

There are two committees of the Supervisory Board: the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee assists and advises the Supervisory Board in its responsibility of supervising the integrity and quality of Holland Colours' financial reporting and the effectiveness of its internal risk management and control systems. The Audit Committee consists of Roland Zoomers (chair) and Jorrit Klaus, who both qualify as financial and risk experts.

Remuneration Committee

The Remuneration Committee ('RemCo') assists and advises the Supervisory Board on matters relating to the selection and appointment of the members of the Board of Management and Supervisory Board. The RemCo also monitors and evaluates the remuneration policy for the Board of Management. The RemCo consists of Aukje Doornbos (chair) and Gert-Hein de Heer.



ANTI-TAKEOVER PROVISIONS AND CONTROL

The company has no specific anti-takeover provisions in place. The fact that the company has a majority shareholder, Holland Pigments BV, in which the collective employees have a shareholding of approximately 25%, guarantees that the voice of the employees is heard.

BILATERAL CONTACTS

The company fully endorses the importance of a transparent and balanced provision of information to its shareholders and other parties. In accordance with principle 4.2 of the Code, the company makes every effort to provide such parties with information that is relevant to shareholders, doing so equally and simultaneously, with due consideration of the exceptions provided for under applicable law. All this is set out in Holland Colours' policy on bilateral contacts with shareholders. The full text of the policy is available on www.hollandcolours.com.

CODE OF CONDUCT

The Holland Colours Code of Conduct reflects our core principles on doing business in a fair and ethical way, complying with local rules and regulations, and treating our employees and business partners with respect. It provides guidelines for preventing unfair competition and corruption or bribery and states the conditions for a safe and healthy work environment. To emphasize the importance of this, Holland Colours has drawn up an Anti-Bribery and Anti-Corruption policy for all Holland Colours entities and employees. Holland Colours will also set up an Ethical Compass to emphasize the importance of integrity to employees. This compass will help them to take moral considerations into account around themes involving risk-sensitive integrity issues. Typical themes include fraud, bribery and corruption, psychological and physical safety, and cybersecurity. In addition, Holland Colours will introduce employee training with respect to ethical behavior and set up a due diligence process for all subsidiaries to screen for compliance issues, including anti-bribery and anti-corruption policies. Holland Colours has a global whistleblower policy, while adherence to the company core values is part of the annual employee performance review cycle.

Through our HP Officials – as appointed by Holland Pigments BV – and other channels, we maintain our unique employee participation model and culture.

Corporate Governance Code

The Supervisory Board and the Board of Management endorse the principles of Corporate Governance as established in the principles and best practice provisions that currently apply to internationally operating listed Dutch companies.

The full version of the Corporate Governance rules of Holland Colours, along with explanatory notes, is available on www.hollandcolours.com. The deviations from the Code relate to the subjects outlined below.

BOARD OF MANAGEMENT

The Code states that the main elements of the contracts of the company's Board of Management members must be published without delay once the contract has been concluded. As we do not want to single out this type of information, Holland Colours continues to publish this information as an integral part of the Annual Report. The remuneration policy for the Board of Management for the year under review was formulated by the Remuneration Committee. It is further described in the Remuneration Report and Note 28 to the financial statements and will be proposed to the AGM for approval. Since Holland Colours does not offer remuneration in the form of options, the provisions governing options do not apply.



SUPERVISORY BOARD MEMBERS

As long as Holland Pigments BV holds an interest of at least one-third of the company's issued share capital, it is entitled to nominate one member of the Supervisory Board.

The Supervisory Board has established a Remuneration Committee and an Audit Committee. In deviation from Article 2.3.4, the chair of the Supervisory Board is also chair of the Audit Committee. This is on account of his expertise. The duties of the selection and appointment process are performed by all members of the Supervisory Board. The remuneration of the members of the Supervisory Board is set by the AGM.

INTERNAL AUDIT FUNCTION

The internal audit function assesses the design and operation of the internal controls and the risk management system. Due to the size of the company this function is fulfilled, in deviation from Article 1.3, by the Group Controller. The Supervisory Board evaluates annually if it is necessary to establish an internal audit department and includes the conclusions in the report of the Supervisory Board.

COMPANY SECRETARY

Holland Colours does not have an official company Secretary. This position is fulfilled by the legal and governance function at the head office level, in line with the lean and effective organizational structure.

CONFLICTS OF INTEREST

As Holland Pigments BV is a majority shareholder in Holland Colours, with all employees of Holland Colours having shares in Holland Pigments, any transactions between Holland Pigments and the company that are of material significance are subject to approval by the Supervisory Board.

SHAREHOLDER POWERS

For practical reasons and because of the costs involved, the provision stipulating the option for shareholders to follow meetings with investors and analysts and presentations and press conferences in real time is not observed. All relevant information is immediately published on the company's website. There have been no substantial changes to the corporate governance structure. The alignment with the Dutch Corporate Governance Code is published on the company website. Any future substantial changes will be submitted to the AGM.

The AGM held on July 15, 2021, authorized the Board of Management to acquire shares in Holland Colours for a period of 18 months, up to January 15, 2023, subject to the approval of the Supervisory Board. The acquisition price must be between the amount equal to the nominal value of the shares and the amount equal to 110% of the share price, whereby the share price will be: the highest average share price on each of the five trading days prior to the acquisition date in accordance with the Daily Official List of Euronext Amsterdam.

All documents related to the implementation of the Dutch Corporate Governance Code can be found in the Investor Relations section in the paragraph on Corporate Governance on our website. This includes the profile, regulation and schedule of retirement by rotation for the Supervisory Board, regulations of the Audit Committee and the Remuneration Committee, the Diversity Policy and the Policy on Bilateral Contacts with shareholders, the Remuneration Policy of the Board of Management, the Remuneration Policy of the Supervisory Board, the company's Articles of Association, the Whistleblower Policy, Holland Colours' Insider Dealing Policy and the minutes of the Annual General Meetings of Shareholders.

Prevention of Insider Trading

In compliance with the Dutch Financial Supervision Act, Holland Colours has adopted internal regulations regarding investments in the company's shares, share ownership and preventing the abuse of insider information. Moreover, the duty of disclosure and the relevant best practice provisions of the Corporate Governance Code have been incorporated into these internal regulations where applicable.

These internal regulations apply to the Supervisory Board, the Board of Management and local managers and a circle of employees, as well as to a number of advisors. The Compliance Officer maintains a register, supervises compliance with the internal regulations and liaises with the Netherlands Authority for the Financial Markets (AFM).

Interests of Members of the Supervisory Board and the Board of Management

At March 31, 2022, the Supervisory Board members and the members of the Board of Management owned the following shareholdings, which are held as long-term investments:

	In Holland Colours NV	In Holland Pigments BV
March 31, 2022		
<i>Supervisory Board</i>		
Roland Zoomers	0.00%	0.00%
Gert-Hein de Heer	0.00%	0.17%
Aukje Doornbos	0.00%	0.00%
Jorrit Klaus	0.00%	0.00%
<i>Board of Management</i>		
Coen Vinke	0.00%	0.15%
Eelco van Hamersveld	0.00%	0.10%
March 31, 2021		
<i>Supervisory Board</i>		
Roland Zoomers	0.00%	0.00%
Gert-Hein de Heer	0.00%	0.17%
Aukje Doornbos	0.00%	0.00%
Jorrit Klaus	0.00%	0.00%
<i>Board of Management</i>		
Coen Vinke	0.00%	0.11%
Tanja van Dinteren	0.00%	0.00%
Eelco van Hamersveld	0.00%	0.08%



TEAMWORK AND OUR CLIENT

WORKING TOGETHER TO OPTIMIZE PRODUCT, COMMERCIAL AND OPERATIONAL PERFORMANCE

Our client manufactures and distributes products for the building and construction markets in the US and Canada. Its solutions are popular with both industry professionals and homeowners, and the company is known for its color palette of timeless classics and on-trend options.





A PARTNER FOR CURRENT AND FUTURE NEEDS

Holland Colours co-designs many of the colorants that this client uses to create their beautifully colored products, and we work closely with their product management and purchasing teams. On the purchasing side, we produce to order and hold inventory to be released when the client requires. We also monitor their stock levels, so they can reorder in time and so avoid any problems.

On the product side, we help our client to develop new color options and enhance the weathering performance of their building products, which is critical. Process improvements, such as increasing colorant utilization, reducing the letdown ratio and optimizing the processability, are also important to this customer. "I see really good performance in the products coming out of our plant," says our client, "and the Holland Colours people are very good to work with. They are responsive, open to discussions, they will investigate technologies, help us with open-ended technology questions, so there are a lot of reasons why we keep working with them and coming back."

OVERCOMING SUPPLY CHAIN CHALLENGES

As with every customer, reliability is the number one supplier requirement. "Our demand has gone way up because of COVID-19, while the supply chain has gotten tighter for everyone." And despite some challenges in the last few months, they feel Holland Colours has helped them to try to make the best of the situation: "They go the extra mile to make sure we do have product. They know how important it is to us."

Another quality our client values is that we think with them about performance issues. "Holland Colours is very good about working with us as we look at alternative chemicals to increase performance," the client says. "They are also open to talking about trends and developments, and they will ask if a technology might be appropriate for us and what would that mean."

WORKING TOGETHER TO RAISE PRODUCT PERFORMANCE

"We don't just buy colorants," the client continues, "we buy colorants to incorporate into products. Any help Holland Colours can provide to support us in our broader performance attributes is good. As a color house, they have done a great job. The opportunity in the future is to continue to think about technologies that impact color but are also helpful for us from a performance perspective. There's more going on than meets the eye. Our products need to be engineered well and we rely on Holland Colours to help us engineer the solution."

"There's more going on than meets the eye. Our products need to be engineered well and we rely on Holland Colours to help us engineer the solution"



REPORT OF THE SUPERVISORY BOARD



SUPERVISORY BOARD



Roland Zoomers

Chairman

1950, Dutch

Date of initial appointment

July 9, 2015

Term of office

2019 – 2023 (second term)

Additional positions

- Director Mandaat Investments BV
- Member Supervisory Board Vermeulen Group BV



Gert-Hein de Heer

Deputy Chairman

1964, Dutch

Date of initial appointment

July 12, 2018

Term of office

2018 – 2022

Additional positions

- Board Member Holland Pigments BV
- Chairman Stichting Administratiekantoor 's-Heerenhove Heerde
- Board Member Stichting Grafica
- Board Member Peerwith BV



Aukje Doornbos

Member

1979, Dutch

Date of initial appointment

July 9, 2015

Term of office

2019 – 2023 (second term)

Additional positions

- Managing Director Covestro Netherlands



Jorrit Klaus

Member

1969, Dutch

Date of initial appointment

October 26, 2017

Term of office

2021 – 2025 (second term)

Additional positions

- Managing Director Synres BV



With the COVID-19 pandemic continuing to impact the global economy, 2021/2022 again posed challenges for the Holland Colours organization and its people. However, the experience again confirmed that the company and its employees are able to adapt well to changes outside their immediate control. We saw this in the way people worked together successfully even when they were working from home or in bubbles. We saw it in the way new and long-serving employees successfully blended as a team to continue putting the client first. We saw this in the way teams maintained strong client relationships, despite being unable to meet face to face. And we saw this in the skilled way people managed production and logistics to ensure that Holland Colours maintained its reputation as a partner that its clients can rely on.

Everyone can be proud of the financial result that the entire organization achieved during these very challenging and disrupting times. This is a compliment to everyone who works at Holland Colours. Most importantly, it provides confidence that our organizations at all locations will be able to rise to the serious challenges the world continues to face.

COMPOSITION OF THE SUPERVISORY BOARD

The financial year 2021/2022 saw no changes in the composition of the Supervisory Board. However, the first four-year term of Gert-Hein de Heer is set to end this year. Gert-Hein de Heer is the Supervisory Board member proposed by Holland Pigments BV and has extensive knowledge of the company. Holland Pigments BV therefore proposes to reappoint him at the forthcoming Annual General Meeting of Shareholders on July 7, 2022.

The Supervisory Board has four members, which we believe to be in proportion to the size of the company. The board has two sub-committees – the Audit Committee and the Remuneration Committee – and each comprises two different board members.

The size of the board does raise one issue: our non-alignment with current Dutch guidelines and planned future law on diversity and female representation in senior management. At present, we have one woman on the Supervisory Board, representing 25% of the total. The guidelines call for at least one-third female representation. Given that we do not want to increase the size of the Supervisory Board, we have decided to maintain the current balance.

COMPOSITION OF THE BOARD OF MANAGEMENT

There was one change in the composition of the Board of Management during the past financial year. In close consultation between the company and Tanja van Dinteren, it was decided, partly on her initiative, that she would resign as CFO as of February 1, 2022.

The position of CFO is currently being filled on an interim basis by Geert Rutgers. Holland Colours is prepared to take as much time as needed to find the right person to fill this important position. Geert Rutgers is highly experienced as a CFO and has worked previously for Holland Colours on an interim basis.

Finally, the initial four-year term of employment of the CEO and CTO expire at this year's Annual General Meeting of Shareholders. The Supervisory Board is happy to propose the renewal of both contracts for a further period of four years.

BOARD MEETINGS AND CONTACTS

Together, the Supervisory Board and Board of Management met five times in compliance with the COVID-19 rules applicable at each particular time. We discussed the impact of COVID-19 on financial and market developments, on our colleagues and on ongoing strategic programs such as the Business Process and IT program and sustainability.

In addition, the Supervisory Board held several meetings at which the Board of Management was not present. The topics of these meetings included an evaluation of the company's strategic development, remuneration policy, risk matrix and relationships with Holland Pigments and other large shareholders.



DEVELOPMENTS AND STRATEGY

Despite the serious worldwide effects of the COVID-19 pandemic on general economic developments, the demand for Holland Colours' products remained very strong in all areas – both regions and market segments. The company continued its efforts to keep operational costs in line with its planned ongoing investments in longer term strategic programs, such as those involving improvements in IT and other systems, and in new production technologies.

Continuing investment

A major concern throughout the year was the availability of the raw materials on which Holland Colours depends, and the price increases that affected many of these. Dealing with these issues required extremely close and constant monitoring and the application of some creative solutions. In a situation like this, it is essential that the company finds ways to continuously improve production processes and develop new products. Likewise, the new, state-of-the-art IT systems in which the company is investing will be essential. These systems support more advanced business processes and will therefore enable the divisions to improve the efficiency of their business cycles and the control they exercise over them. The Supervisory Board recognizes the need to develop these important programs and supports the company in doing so. Because of this, the Supervisory Board accepts the increase in operating costs related to this in the coming years. At the same time, this makes it even more crucial that Holland Colours focuses on realizing its very important growth objectives to maintain profitability at the desired level.

Risk Matrix

The Supervisory Board and Board of Management held extensive discussions over the past financial year about an updated Risk Matrix for the company. This discussion included identifying possible risk factors, especially new or emerging ones, assessing their potential impact on the organization and identifying the steps the company can take to minimize their potential impact. This was a more extensive exercise than the regular annual reviews and intended to reflect the changing nature of the potential risks facing the company. As well as financial, strategic, compliance and operational risks, the new matrix includes more emphasis on sustainability, political and fraud risks since the last major update.

Fraud/Code of Conduct

Fraud is an issue Holland Colours' management and the Supervisory Board take very seriously. Last year, the Board of Management was informed by local management of some payments at Holland Colours Asia that, while permissible under local rules, were in conflict with the Holland Colours Code of Conduct. See the Audit Committee section for more information.

Russia/Ukraine

In March 2022, Holland Colours announced it had halted all new business developments in Russia and Belarus in response to the armed conflict in Ukraine. In accordance with EU sanctions, Holland Colours decided that it is willing to continue to sell to existing clients. Export sales to Russia, Belarus and Ukraine represent less than 4% of total Holland Colours Group revenues and the company has no investments in Russia, Belarus or Ukraine. The main clients are in the building & construction and food packaging industries. This is a difficult situation as besides colorants for plastic waterpipes, house sidings, window profiles, paints and coatings, the company also supplies to producers of milk and mineral water bottles. Holland Colours will continue to follow the situation closely and remain fully in line with EU sanctions.

Focus on sustainability

On a happier note, the Supervisory Board is pleased to see that the steps the company took in 2020/2021 to approach sustainability as a strategic business opportunity were maintained in financial year 2021/2022. Holland Colours continued to invest in the sustainability of its organization and products. The trend towards recyclable plastics is irreversible and it is both good business and good for the planet for Holland Colours to contribute to this wherever it can.



Move to 'one company'

Companies that operate in global markets are greatly strengthened when organizations operate as one group. This can involve a greater role for the center, but there are also examples of companies where a local location takes the lead in coordinating and working worldwide. In this light it is good to see that Holland Colours is increasingly adopting a 'one company' mindset and way of working. Examples include improving IT through a location by location rollout, the global and local sustainability programs and the global employee survey. This move to one company with shared processes and local production, sales and distribution centers will, the Supervisory Board believes, enable Holland Colours to pool its resources and skills, move more quickly in response to changing client demands, and so punch above its weight in an increasingly competitive market.

RISK MANAGEMENT

As with the company's strategy, COVID-19 dominated the discussions with the Board of Management about the financial, operational, compliance, strategic, political, sustainability and fraud risks within Holland Colours.

One thought-provoking conclusion to emerge from the COVID-19 pandemic was to remind us that risk extends beyond our own organization. We naturally tend to consider risks and risk management in terms of our own operational environment. But, as COVID-19 has shown, risks can come at you suddenly and unexpectedly from far beyond your own field of control. The good news is that COVID-19 has proven that Holland Colours' conservative and strong financial structure is a major asset in effective risk management.

As in other years, but with arguably more rigor because of the exceptional uncertainties, the Board of Management and Supervisory Board considered the company's exposure to major accounts and clients. Please refer to the Risk Management section in the report of the Board of Management for a complete overview, including risk-mitigating measures.

The financial statements 2021/2022 that are included in this Annual Report have been audited. The findings of the audit were discussed with the Audit Committee and,

subsequently, with the full Supervisory Board in the presence of the Board of Management and the auditor. PwC Accountants has issued a management letter and Board Report on the 2021/2022 financial statements and provided certain recommendations for improvement, which are being implemented.

PERFORMANCE EVALUATION

While many Supervisory Board meetings were held virtually last year, because of COVID-19, the board did meet in person to evaluate its own performance and priorities. We also discussed the performance of the Board of Management and progress in implementing a Long-Term Incentive Plan with effect from 2022/2023. See the Remuneration Report for a fuller explanation of the changes that will be introduced.

ALLOCATION OF DUTIES

The allocation of duties and procedures in the Supervisory Board are set out in the Regulations for the Supervisory Board and its committees. The profile required to become a member of the Supervisory Board and a schedule of retirement from the board are available on Holland Colours' website. Provision 2.1.5 of the Dutch Corporate Governance Code stipulates that a diversity policy must be in place, and this will continue to be considered for future appointments, with quality remaining the most important criterion.

In accordance with provision 2.1.7 of the Dutch Corporate Governance Code, all members of the Supervisory Board are independent of the Company, except Gert-Hein de Heer, who is the Supervisory Board member proposed by Holland Pigments BV.

AUDIT COMMITTEE

Last year, Holland Colours NV was informed by the local management of PT Holland Colours Asia about potential irregular payments. They were instructed to stop these payments at once. The Audit Committee of the Supervisory Board played an important role in coordinating an investigation by outside legal counsel into these commission payments in Indonesia.



The investigation has found evidence of payments made to employees of a small number of local clients (i.e., no government officials or employees of Holland Colours) spanning a period of eight years and adding up to a total sum of approximately USD 16,000 to USD 75,000 per year. The payments were recorded in PT Holland Colours Asia's accounts, but the administration was not done correctly. The payments themselves did not violate Indonesian law. Following the discovery and investigation, the company has prepared and partly executed a remediation plan to make sure that similar incidents do not occur again. For more details regarding the remediation actions and plans reference is made to the Risk Management section and the paragraph headed 'Risk-related events 2021/2022' of the Report of the Board of Management. The Supervisory Board fully supports these measures.

Separately, the Audit Committee monitored the execution of the plans to update Holland Colours' IT systems, especially regarding data management and information management to support improved business analysis. The Audit Committee further discussed general financial developments in the company, its funding, risks and the company's tax position and policy.

REMUNERATION COMMITTEE

The Remuneration Committee devoted considerable time last year to defining the details of the new Long-Term Incentive Plan that will form part of the variable remuneration of the Board of Management from financial year 2022/2023. This included taking specialist advice. You can read more about this in the Remuneration Report but, in brief, the move aims to stimulate long-term value creation in innovation and sustainability. The introduction of a Long-Term Incentive Plan alters the way the current Short-Term Incentives plan operates. However, the total variable remuneration that may be paid – up to three times the monthly salary – remains the same. The Supervisory Board will set the financial targets and individual non-financial targets for the Board of Management each year.

The current variable bonus scheme will apply for 2021/2022. In addition to this bonus, the members of the Board of Management are entitled to a profit-sharing plan. This plan applies to all the group's employees and is linked to the return on investment of Holland Colours NV and the net operating result of the division of the employee concerned. The payment under the profit-sharing plan is capped at one and a half times the monthly salary. Where applicable, variable pay for the previous year is paid in July of the following year.

We believe that the remuneration of the Board of Management is in line with Dutch market conditions. The details of the remuneration of the Board of Management and the Supervisory Board are stated in the Remuneration Report and Note 28 to the financial statements, Related Parties.

ANNUAL REPORT AND DIVIDEND PROPOSAL

The company's Annual Report, as presented, contains the financial statements for the 2021/2022 financial year. The financial statements were audited by PwC Accountants and an unqualified auditor's report was issued on them, which is included on page 122 of this report. The Supervisory Board discussed and approved the Annual Report, the financial statements and the auditor's report at its meeting on May 24, 2022, in the presence of the Board of Management and the external auditor.

Based on this discussion, we believe that the Annual Report and the financial statements both meet the requirements of transparency and form a sound basis for the Supervisory Board's duty to render account of its supervisory activities. We submit the financial statements to the AGM and recommend that they be adopted in their present form.



Thankfully, the COVID-19 pandemic seems to have had less of an impact over the past financial year. However, the resulting problems in logistics chains around the world and, since February 2022, the armed conflict in Ukraine, will continue to have serious negative effects on the global economy. In addition, the large and rapid increase in energy costs, plus shortages of important raw materials and general political and economic instability will, again, translate into significant cost-prices increases.

While Holland Colours has shown that it can successfully manage its margins despite sudden changes in trading conditions, the outlook remains highly uncertain. On the other hand, the company has a very strong financial position. Given this strong financial position, we propose leaving the dividend policy unchanged and paying a dividend of 50% of net earnings, resulting in a dividend payment of € 5.91 per share.

We further recommend that the Annual General Meeting of Shareholders should grant full discharge from liability to the members of the Board of Management and the Supervisory Board for the performance of their duties in the financial year 2021/2022.

The members of the Supervisory Board have signed the Financial Statements and have accordingly discharged their statutory obligation pursuant to Section 101, subsection 2 of Book 2 of the Dutch Civil Code.

ACKNOWLEDGEMENTS

The Supervisory Board would like to express its appreciation of the work done by the management and employees of Holland Colours during another challenging year. The company's resilience, adaptability and people's willingness to work as a team and go the extra mile undoubtedly benefited its clients as well as the company itself. We thank all Holland Colours' clients, suppliers, shareholders and employees for their continued support and trust in the company.

Apeldoorn, May 25, 2022

Supervisory Board

Roland Zoomers, Chairman

Gert-Hein de Heer, Deputy Chairman

Aukje Doornbos

Jorrit Klaus



REMUNERATION REPORT

Remuneration of the Board of Management

Holland Colours' remuneration policy is designed to attract, motivate and retain qualified top management who will enable Holland Colours to achieve its strategic and operational goals. Their remuneration is guided by the Remuneration Committee. This advises the Supervisory Board on the formulation of the remuneration policy and on the level of the individual remuneration of the Board of Management.

Dutch Law incorporates the EU Shareholders' Rights Directive and the company's Remuneration Policy is in line with this legislation (Article 2:135a DCC). The Remuneration Policy is evaluated at least once every four years. For more information about Holland Colours' Remuneration Policy, please visit the corporate website.

This remuneration report referred to in Book 2: 135b DCC for 2021/2022 will be put before the AGM to be held on July 7, 2022 for an advisory vote.

REMUNERATION FRAMEWORK

The remuneration policy is intended to encourage enterprising behavior. At the same time, it must also be in reasonable proportion to the remuneration of the other management personnel. Holland Colours' remuneration policy is appropriate to its identity and strategy and is result-oriented and straightforward in its application. It also takes account of the social context, the corporate governance structure and the interests of Holland Colours stakeholders. Apart from the 75% of the profit share that is vested in Holland Pigments shares, Holland Colours does not provide for long-term variable remuneration in the form of financial instruments such as shares or options. The development of Holland Colours' share price is not an element in the remuneration policy. The company does however provide variable remuneration to reflect short-term and, from financial year 2022/2023, long-term achievements. See later in this report for a fuller explanation of the changes.

Holland Colours benchmarks the salaries of the company's senior management with the support of a third party, when applicable. We strive to offer compensation at the median level compared to companies of similar size, international scope and complexity and located in the same geographical area. The salaries of our employees are reviewed annually, and we conduct a job evaluation and rating process. In adopting this approach, Holland Colours ensures fair pay compared to other comparable companies.

In 2021/2022, the internal pay ratio was 9.91 (2020/2021: 10.65) based on the annual total remuneration of the CEO and the average total remuneration of all other full-time employees, as reported in accordance with IFRS, excluding discretionary elements.

The remuneration of the members of the Board of Management in financial year 2021/2022 consisted of:

- A fixed gross annual salary including the statutory Dutch 8% holiday allowance;
- Pension based on a defined contribution system;
- Other employment benefits (reimbursement of specific expenses or contribution and a company car):
 - Variable remuneration: in cash for short-term achievements (one year);
 - Profit-sharing.

Claw-back and ultimate remedial provisions are subject to the Dutch Civil Code.

Members of the Board of Management have a change-of-control arrangement and in the case of an early termination of their contract they are covered by a severance provision of six months' gross base salary. This is in accordance with the Dutch Corporate Governance Code. Holland Colours does not provide any personal loans, guarantees or advance payments to the members of the Board of Management. The Supervisory Board sets financial targets and individual non-financial targets for the Board of Management annually. These targets are based on the overall strategic group objectives for the financial year.

Both the financial and the non-financial targets that come into consideration for a bonus payment constitute 50% of the maximum possible variable remuneration, subject to a maximum of three months' salary, equivalent to 25% of the gross annual salary. These factors are subdivided into performance criteria. The financial targets are related to Revenue, Return on Sales and Safety. The non-financial targets relate to specific strategic objectives and initiatives, specific KPIs and the development of the organization.

The Board of Management also participates in the employee profit-sharing plan according to the general profit-sharing scheme for all employees. Targets set for this are measured annually. The benefit to a member of the Board of Management depends on the Return on Investments for Holland Colours. The basis is the monthly gross compensation excluding holiday allowance, to a maximum remuneration of one and a half months, equivalent to 12.5% of the gross annual salary. The Board of Management receives 75% of this profit-share in shares of Holland Pigments, main shareholder and subject to the applicable terms and conditions, and 25% in cash. Depending on the level of achievement of the targets, the total variable remuneration can add from a minimum of 0% to a maximum of 37.5% to the gross annual salary.

For 2021/2022, the Board of Management has achieved the bonus targets for 82%. The ROI of Holland Colours Group is 34.2%. This means that the members of the Board of Management will receive profit-sharing of 1.5 months of which 75% will be received in shares of Holland Pigments.

SCENARIO ANALYSES

The Supervisory Board and the Remuneration Committee use scenario analyses in the formulation and establishment of the remuneration of the Board of Management as stated in principles 3.1 and 3.2 of the Corporate Governance Code. The scenario analyses are made to determine the long-term effect of the level and structure of the Board of Management's variable remuneration. The Remuneration Committee evaluates the total remuneration of the Board of Management each year to ensure that the package continues to be competitive and offers appropriate incentives.

COVID-19 continued to be a factor in the company's planning at the time the financial scenarios for 2021/2022 were being set. The experience over the first 12 months of the pandemic were taken into account in the financial scenarios for 2021/2022. The armed conflict in Ukraine had no material impact on the company's results for this financial year.

INDIVIDUAL REMUNERATION OF THE BOARD OF MANAGEMENT

(amounts x € 1,000 unless stated otherwise)

Board of Management		Fixed remuneration		Non-recurring remuneration	Variable remuneration	Total remuneration	
		Base salary	Pension plan	Non-recurring payment	Variable	Proportion of variable remuneration (in %)	
Coen Vinke	CEO	334	27		92	453	20
Tanja van Dinteren	CFO	200	17	96	44 ¹	357	12
Eelco van Hamersveld	CTO	193	20		77	290	27
Total		727	64	96	213	1,100	19

¹ Included for 10 months

CHANGES IN THE REMUNERATION PER MEMBER OF THE BOARD OF MANAGEMENT AND COMPANY PERFORMANCE

(amounts x € 1,000 unless stated otherwise)

Annual change	Fixed and variable				
	2021/22	20/21 > 21/22	19/20 > 20/21	18/19 > 19/20	17/18 > 18/19
Board of Management remuneration					
Coen Vinke (CEO)	453	(1)	(2)	38 ¹	–
Tanja van Dinteren (CFO)	357	129	–	–	–
Eelco van Hamersveld (CTO)	290	27	4	29	–
Company performance					
Organic revenue growth %	15%	(5%)	12%	9%	8%
EBITDA	16,954	15,475	13,677	10,672	10,186
EPS (in € x 1)	12	11	9	7	7
Average remuneration on a full-time equivalent basis of employees					
Number of employees of the group	448	436	425	419	413

¹ Included for 11 months

Introduction of a Long-Term Incentive Plan in 2022/2023

While not applicable to the 2021/2022 financial year, the company will introduce a Long-Term Incentive Plan for the Board of Management in financial year 2022/2023. The idea was first raised in financial year 2019/2020, with benchmarks being set in financial year 2021/2022.

The move to include a long-term incentive element in the payment to the Board of Management reflects guidance set out in the Dutch Corporate Governance Code. By encouraging the establishment of long-term incentives, the Code aims to stimulate long-term value creation in three areas: finance (shareholder value), innovation and sustainability. Long-term goals are defined as being three to five years ahead, though longer is also possible, and performance payments can be made at the end of the period or at milestone points en route. As Holland Colours has always thought long-term, this change aligns how the Board members are rewarded with the existing commitment to shareholder value, innovation and improving sustainability.

A key thing to note is that under the new Long-Term Incentive plan, the maximum amounts that can be paid as an incentive (short and long term) to members of the Board of Management will not change. What will change is the basis on which those incentive payments are calculated. Specifically, the achievement of milestones on the road to meeting the long-term ESG goals will help to determine whether an annual bonus is paid, and if so, how much. The mechanism for doing this is a so-called incentive multiplier.

The Supervisory Board will set the short-term financial targets and individual non-financial targets for the Board of Management each year. These targets will be based on the overall strategic group objectives for that year. In addition, the Supervisory Board has set long term environmental and sustainability goals, like CO₂ reduction and innovation. The progress made towards achieving these Environmental, Social and Governance goals (ESG) will be assessed annually and will influence the payment or not of any incentive via this multiplier.



The achievement of the financial targets will be calculated based on the audited financial results of the relevant financial year. This will be evaluated and assessed by the Remuneration Committee. The achievement of the non-financial targets will be evaluated and assessed per topic by the Remuneration Committee for each individual Board of Management member on behalf of the Supervisory Board. The achievement of the ESG goals to determine the incentive multiplier will also be evaluated and assessed per topic by the Remuneration Committee on behalf of the Supervisory Board.

A full explanation of the new Long-Term Incentive components, its relation to Short-Term Incentives and Board of Management remuneration as a whole, can be found in the Remuneration Policy available at www.hollandcolours.com.

REMUNERATION OF THE SUPERVISORY BOARD

The Dutch Act implementing the revised Shareholders Directive also includes a requirement to establish a remuneration policy for the Supervisory Board. The remuneration of the members of the Supervisory Board encourages them to perform their role well and does not depend on Holland Colours' results. The remuneration reflects the time spent and the responsibilities relating to their position. A remuneration benchmark is evaluated on a regular basis to establish whether the remuneration of the members of the Supervisory Board is still appropriate or requires adjustment. The remuneration does not include the award of shares or options on shares. Holland Colours does not provide any personal loans, guarantees or advance payments to the members of the Supervisory Board.

The last adjustment of the remuneration of the Supervisory Board was in 2013. As a result, the level of remuneration has fallen to less than the targeted median-level benchmark of comparable peers. The Supervisory Board therefore proposes to adjust the remuneration of the Supervisory Board as follows: fixed remuneration per financial year of € 45,000 for the chair and € 32,000 for each other member of the Supervisory Board. These remunerations are not subject to any general adjustment for inflation.

Request for adoption

The Supervisory Board proposes that the General Meeting of Shareholders adopts the remuneration of the Supervisory Board in accordance with this proposal and that it will enter into force retroactively per April 1, 2022. The AGM may adopt the remuneration policy with at least the legally required 75% of the votes present at the meeting. The remuneration policy as well as the date and outcome of the policy vote will be made public after the AGM on the company's website. If the AGM rejects this proposal, the current policy will remain in force and the Supervisory Board will submit a new proposal at the next AGM, taking into account the views of the shareholders.

CHANGES IN THE INDIVIDUAL REMUNERATION OF THE SUPERVISORY BOARD OVER THE LAST 5 YEARS

(amounts x € 1,000)

Annual change	2021/22	20/21 > 21/22	19/20 > 20/21	18/19 > 19/20	17/18 > 18/19
Roland Zoomers	38	-	-	-	-
Gert-Hein de Heer	26	-	-	-	-
Aukje Doornbos	26	-	-	-	-
Jorrit Klaus	26	-	-	-	-
Total	116	-	-	-	-

EMPLOYEE PARTICIPATION IN PRACTICE

Every permanent employee owns part of Holland Colours

Employee participation is central to the way we manage our company and is the foundation of our success. You can read more about the culture it supports in our story on page 15. Here we are going to look at how co-ownership works.

Every permanent employee of Holland Colours owns shares (at least one) in Holland Pigments BV, a Dutch investment company. In total, our employees hold around 25% of the Holland Pigments shares. The other 75% are held by the four founding families. These are the majority shareholders, and they are committed to actively supporting the employee-shareholder model.

The goal of Holland Pigments and the four majority shareholders is to promote the stability, continuity and independence of Holland Colours, including effective employee participation within the Holland Colours Group. To do this, the four main shareholders buy up any unsold shares offered by employees, creating a market for them and ensuring those shares remain within Holland Pigments. They also sell shares to employees if there are not enough available from other employee-shareholders to meet demand.

Holland Pigments holds the majority (50.52%) of the shares in Holland Colours.

The Holland Colours shares are traded on the Euronext Amsterdam stock exchange.

Holland Pigments is managed by a one-tier board (Holland Colours itself has a two-tier board – Management Board and Supervisory Board), made up of a chairperson (rotates each year), four non-executive members and an executive director. The collective shareholding of our employees is represented by a non-executive Holland Pigments Board member who works for Holland Colours. This person is elected by the company's employees every four years.

The non-executive board member for employee-shareholders and the executive director of Holland Pigments are jointly responsible for managing the employee-shareholder model properly. To help with this, each Holland Colours site elects and appoints its own Holland Pigments Official. This person serves as a contact between the employees of Holland Colours and the Holland Pigments Board. The officials attend Holland Pigments' Annual General Meeting of Shareholders. The non-executive board member for employee-shareholders and the executive director of Holland Pigments visit the various Holland Colours sites regularly to discuss employee participation.

This structure helps to underpin the independence and continuity of the company. It also supports and enables the unique co-ownership culture that makes working at Holland Colours unlike working anywhere else.



“Employee Participation drives our success”





TEAMWORK AND OUR MARKETS

WORKING TOGETHER INTERNALLY AND EXTERNALLY

Holland Colours doesn't make end products. We don't make packaging. We don't manufacture building materials. We don't produce coatings or sealants. Instead we make the concentrates of colorants and additives that add beauty and functionality to other company's end products. We also create concentrates of additives that make plastic products easier to manufacture, more sustainable and which give them multiple lives.



Strictly speaking, we are a supplier, but Holland Colours has always acted as a team player and co-designer with our clients. However, where in the past teamwork focused primarily on creating tailor-made solutions for individual clients, today we also aim to team up with the marketplace as a whole.

BIG CHALLENGES, BIG OPPORTUNITIES

The reason is simple: the marketplace is changing. Today's opportunities and challenges are bigger and wider than one company. Sustainability and circularity are clear examples. These are huge global issues that affect every business. We need to work together as a value chain to meet upcoming regulations, to innovate and to ensure that the plastic waste we create is worth recycling or upcycling. That it has value. Regulation is another example. In a globalized world, the strictest health and safety rules tend to become the model for the world. Brand owners adopt these requirements and implement them globally at a pace that is often faster than regional authorities require. Holland Colours supports brand owners in this global transition through our innovative portfolio and global footprint.

Holland Colours' commercial and technology teams in packaging, building & construction and sealants & coatings play a central role in helping our company to understand and support the trends and drivers in the market, the value chain and among key decision makers. They also help our clients to understand changes in the market. For example, when the EU was talking about limiting the amount of titanium dioxide in plastic bottles, we set up seminars to share what we knew about the proposals and their likely impact had they come into force. We are also a member of industry associations like Petcore, NAPCOR and VinylPlus, and we are joining industry consortia like InReP, to contribute to plastics recycling. We also work with universities and institutes.

MORE MARKET PULL, LESS TECHNOLOGY PUSH

On a more day to day level, the whole company aims to operate as a team to meet client needs. This approach to innovation works in two directions. Initially, Holland Colours used its technical expertise to develop products we believed would differentiate us and our clients – technology push based on internal ideas. Today, the company's strategy is to work outside-in as well. This means identifying unmet market needs and then feeding those ideas to our product development teams so they can look for potential solutions – market pull based on market-focused teamwork. Our teams perform market assessments and connect within our value chain, from raw material manufacturers to brand-owners. This allows us to work on the right product development projects.

In both cases, we look to team up early with clients, suppliers and others in the value chain. This enables us to share our ideas and work-in-progress, and so move faster to commercialization. It helps us to stay on track and build an ultimately winning business case for our clients and for Holland Colours.

THINK GLOBAL AND LOCAL

The final angle on our approach to the market is to increasingly share knowledge and replicate technologies between our locations in EMEIA (Europe, Middle East, India and Africa) the Americas and Asia. In this way, we ensure that our teams are aligned and that everyone knows what is happening elsewhere in the world, internally and externally.

“Holland Colours' commercial and technology teams help us to understand and support the trends and drivers in the market, the value chain and among key decision makers”



FIVE-YEAR SUMMARY

IN MILLIONS OF EUROS, UNLESS STATED OTHERWISE

	2021/22	2020/21	2019/20	2018/19	2017/18
Income statement					
Revenue	110.5	96.0	101.5	90.9	83.5
Operating result before depreciation and amortisation (EBITDA)	17.0	15.5	13.7	10.7	10.2
Depreciation of property, plant, equipment and intangibles	(3.3)	(3.1)	(2.9)	(1.9)	(2.0)
Operating result	13.6	12.4	10.8	8.8	8.2
Interest	(0.1)	(0.1)	(0.1)	(0.1)	-
Income tax	(3.3)	(2.8)	(2.8)	(2.3)	(2.2)
Result of discontinued operations	-	-	(0.0)	(0.2)	(0.1)
Net result	10.2	9.6	7.9	6.1	5.9
Statement of financial position					
Total assets	79.6	68.7	63.2	57.8	50.2
Total equity	57.8	50.6	47.1	41.8	36.7
Interest-bearing debt	-	-	-	-	--
Working capital ¹	26.0	19.6	21.3	19.4	17.2
Invested capital ²	39.8	38.1	39.9	36.6	32.6
Cash	17.0	16.6	7.7	7.4	5.3

¹ Inventories + trade accounts receivable -/- trade accounts payable

² Property, plant & equipment, intangible assets, other investments -/- non interest bearing current liabilities

³ Sum of long-term financing, translation differences on cash and cash equivalents and derivatives

⁴ Equity as % of balance sheet total

⁵ Operating result as % of the invested capital

	2021/22	2020/21	2019/20	2018/19	2017/18
Statement of cash flows					
Cash flow from operating activities	8.0	14.5	7.8	7.7	3.3
Investments	(3.3)	(2.0)	(4.2)	(2.9)	(2.5)
Dividend	(4.7)	(3.9)	(3.0)	(2.9)	(2.6)
Other financial activities ³	0.4	0.3	(0.5)	0.2	(0.4)
Net cash flow	0.3	9.0	0.2	2.1	(2.2)
Revenue per division					
EMEIA	58.5	49.4	53.2	48.9	43.9
Americas (in USD)	43.7	37.9	36.1	32.4	34.1
Asia (in USD)	16.6	17.2	18.7	17.2	14.0
Ratios					
Return on Sales (ROS)	12.3%	12.9%	10.6%	9.6%	9.8%
Solvency ⁴	72.5%	73.6%	74.5%	72.3%	73.1%
Return on Investment (ROI) ⁵	34.2%	32.6%	27.0%	24.0%	25.2%
Working capital in % of revenue	23.5%	20.4%	21.0%	21.3%	20.6%
Market capitalisation as at March, 31	134.6	106.7	68.8	65.7	76.6
Number of shares outstanding	860,351	860,351	860,351	860,351	860,351



INVESTOR RELATIONS

Profit Appropriation and Dividend Policy

Holland Colours intends to distribute at least 50% of its net profit in the form of dividend, as long as the solvency ratio after distribution is at least 40%. Despite the specific circumstances caused by COVID-19, we would like to adhere to this baseline. We therefore propose to distribute a final dividend of € 5.91 per share.

Publications

The interim results (for the period April to September) are published in October and the full-year results (from April to March) are published by the end of May/beginning of June. Company non-public information is published in the form of press releases which are also posted on our website and social media.

Please refer to page 77 for the full financial calendar.

Liquidity Provision

Holland Colours shares are traded on the Euronext Amsterdam stock exchange, classified under other shares and with a limited free float. Since March 1, 2020, Holland Colours makes no use of a liquidity provision and sponsored research services. We assessed the pros and cons of these services at the end of calendar year 2020 and decided to continue without.

Share Ownership

The number of outstanding shares remained constant during the financial year.

Shares traded on Euronext Amsterdam	423,161
Holland Pigments BV ¹	434,644
Registered shares	2,546
Total	860,351

As of March 31, 2022, the following substantial interests (>3%) were recorded in the registers of the AFM (Netherlands Authority for the Financial Markets) based on the Decree on the Disclosure of Major Holdings and Capital Interests in Issuing Institutions in accordance with the Netherlands Financial Supervision Act.

A list of shareholdings in excess of 3% is also available on the AFM website.

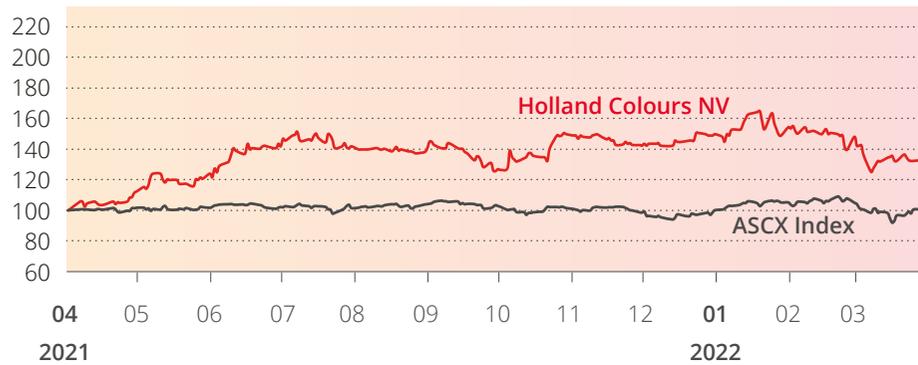
Disclosures	%	Date
Holland Pigments BV ¹	50.03	April 2, 2012
Lazard Frères Gestion	6.97	February 13, 2014
ELNED Holding BV	5.00	March 4, 2013
P. Chr. Van Leeuwen Beheer BV	5.06	August 7, 2019
Axxion S.A.	4.94	January 21, 2022
Waag & Zübert Value AG	3.84	August 24, 2016

¹ Please refer to pages 15 and 70 Employee Participation. Based on our internal register, Holland Pigments BV holds 50.52% of the shares in Holland Colours NV.



SHARE PRICES – HOLLAND COLOURS VERSUS ASCX

April 1, 2021 = 100



SHARE PRICES – HOLLAND COLOURS

In euros



Key data per share

In euros, unless stated otherwise	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Net result	11.83	11.00	9.09	7.04	6.78
Final dividend	5.91	5.50	0.00	3.52	3.39
Interim dividend	0.00	4.55	0.00	0.00	0.00
Equity	66.64	58.42	54.47	48.58	42.66
Highest share price	199.00	125.00	111.00	94.20	94.20
Lowest share price	121.00	82.00	76.00	74.00	66.25
Number of shares outstanding	860,351	860,351	860,351	860,351	860,351



Publications (presented to AFM)

Holland Colours published the following press releases in the 2021/2022 financial year:

June 3, 2021	Publication of 2020/2021 financial statements
July 15, 2021	Resolutions adopted by the Annual General Meeting of Shareholders
October 22, 2021	Publication of interim results 2021/2022
January 6, 2022	Holland Colours announces resignation of CFO
March 10, 2022	Holland Colours strengthens compliance with its Code of Conduct
March 24, 2022	Holland Colours stops market development in Russia

Key dates (indicative)

July 7, 2022	Annual General Meeting of Shareholders
October 21, 2022	Publication of interim results 2022/2023
June 1, 2023	Publication of 2022/2023 financial statements
July 13, 2023	Annual General Meeting of Shareholders

 INTERNAL TEAMWORK

ALL FOR ONE AND ONE FOR ALL

Teamwork was one of the reasons the founders decided to set up Holland Colours in the first place. Having previously worked for a big corporate owner, they wanted to build a business in which employees were involved and where collective responsibility and commitment were central. A business in which people worked together, helped each other and did what was needed to develop the best product or to meet a challenging deadline.



It worked and today, teamwork is one of our core values and very much the basis for our other business drivers: responsibility, proactiveness, competence and accountability. Teamwork is central to our success today, just as it always has been. It is helping us to innovate across our markets and to push our sustainability agenda. At the same time, it also means that we are there for each other when colleagues are having a hard time, or when the business faces economic headwinds.

EVERYONE BENEFITS WHEN EVERYONE IS INVOLVED

People who connect with this way of working feel an extra commitment to their colleagues and our clients. This is reinforced by our employee-participation model. Everyone is involved in what is happening across the company, and not only in their own department or division. Everyone benefits when things go well.

As a company, we have no written rules about teamwork. Instead, you see a colleague helping someone else or being helped, and you follow the example. It's also part of people's DNA. We don't run courses on teamwork. However, we do select and hire people who are down to earth and willing to roll their sleeves up to get something done. We tell managers that we have an entrepreneurial mindset, so you might also have to do things that are not your immediate area of responsibility. Enjoy that and you will fit in well at Holland Colours.

CAMARADERIE BENEFITS OUR CLIENTS

The result is a workplace in which everyone is genuinely interested in each other. For a lot of people, their colleagues are like family and social activities are an important part of working at Holland Colours. Even during the height of the COVID-19 pandemic, we found ways to maintain the social side – by sharing photos of our hurriedly set up home offices, for example. In normal times, we regularly come together to celebrate personal anniversaries, company milestones and just for the fun of it.

This camaraderie adds real value for our clients. It makes us more aligned around meeting client needs and it supports collaboration and co-design between the client and our sales and technology teams. Just as we do internally, we like to build long and strong relationships with our clients. Many of our products begin as collaborative projects and we are always willing to share our knowledge to help the client improve or optimize a production process. Basically, if a client is involved, everyone joins in and works together to develop a product solution or deliver an improvement to a production process.

SHIFTING TO A GLOBAL TEAMWORK MINDSET

Teamwork is also driving the changes we are making to become one organization. Investments in global IT business processes and company-wide programs in HR, safety and others will help us to work together as one team globally. By taking steps to structure and optimize the way we work together, we will be in a better position to choose where, how and when we can add the most value for our clients. This will also ensure that we preserve what's unique about HCA in the future.

Teamwork is the future of Holland Colours, just as it always has been. There will be differences – a more global mindset within our local organizations and more emphasis on acting as one – but the essence will remain the same. Teamwork. But on a bigger scale.

“We have no written rules about teamwork. Instead, you see a colleague helping someone else or being helped, and you follow the example”



FINANCIAL STATEMENTS



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CONSOLIDATED

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

In thousands of euros	Note	April 1, 2021/March 31, 2022	April 1, 2020/March 31, 2021
Revenue	7	110,465	96,029
Cost of Materials		(58,827)	(49,781)
Direct Contribution Margin		51,638	46,248
Personnel Expenses	8	(22,370)	(19,939)
Amortization and Impairments	12	(87)	(124)
Depreciation and Impairments	13/14	(3,325)	(2,935)
Other Operating Expenses	9	(12,226)	(10,834)
Total Operating Expenses		(38,008)	(33,832)
Operating Result		13,630	12,416
Finance Income	10	94	22
Finance Expense	10	(180)	(97)
Finance Income and Expense		(86)	(75)
Result Before Income Tax		13,544	12,341
Income Tax	11	(3,301)	(2,762)
Net Result from Continued Operations		10,243	9,579
Attributable to:			
• Shareholders of the Company		10,179	9,471
• Non-Controlling Interest	22	64	108
		10,243	9,579
Earnings per Share in euros			
Average Number of Shares Issued	21	860,351	860,351
Earnings per Share from Continued Operations		11.83	11.00
Earnings per Share from Total Net Result		11.83	11.00

Notes 1 to 29 are an integral part of these consolidated financial statements.



CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

In thousands of euros	Note	April 1, 2021/March 31, 2022	April 1, 2020/March 31, 2021
Net Result		10,243	9,579
Items that will not be reclassified to the Income Statement			
Actuarial Results on Employee Benefits, after Tax	25	82	(8)
Other Comprehensive Income that could in future be classified to the Income Statement			
Foreign Currency Translation Differences	20	1,558	(2,134)
Other Comprehensive Income		1,640	(2,142)
Total Comprehensive Income		11,883	7,437
Attributable to:			
• Shareholders of the Company		11,804	7,329
• Non-Controlling Interest		79	108
		11,883	7,437

Notes 1 to 29 are an integral part of these consolidated financial statements.



CONSOLIDATED

BALANCE SHEET

AS OF MARCH 31, 2022

In thousands of euros	Note	March 31, 2022	March 31, 2021	In thousands of euros	Note	March 31, 2022	March 31, 2021
Non-Current Assets				Equity			
Intangible Assets	12	69	156	Share Capital	19	1,953	1,953
Property, Plant and Equipment	13	20,817	19,354	Share Premium Reserve		1,219	1,219
Right-of-Use Assets	14	1,247	1,616	Other Reserves	20	(18)	(1,633)
Deferred Tax Assets	15	1,415	1,319	Retained Earnings		54,176	48,719
Long-Term Receivables		–	60	Equity Attributable to Shareholders of the Company	21	57,330	50,258
		23,548	22,505	Non-Controlling Interest	22	420	341
Current Assets				Total Equity		57,750	50,599
Inventory	16	20,598	12,604	Non-Current Liabilities			
Trade and Other Receivables	17	18,145	16,647	Lease Liabilities	24	744	956
Income Tax Receivables		366	331	Employee Benefit Obligations	25	1,105	1,093
Cash and Cash Equivalents	18	16,959	16,638	Deferred Tax Liabilities	15	273	189
		56,068	46,220			2,122	2,238
Total Assets				Current Liabilities			
		79,616	68,725	Lease Liabilities	24	535	643
				Trade and Other Liabilities	26	17,392	13,615
				Income Tax Liabilities		1,729	1,546
				Employee Benefit Obligations	25	88	84
						19,744	15,888
				Total Equity and Liabilities		79,616	68,725

Notes 1 to 29 are an integral part of these consolidated financial statements.



CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

In thousands of euros

Equity attributable to Shareholders of the Company

	Share Capital	Share Premium Reserve	Legal Reserve for Currency Translation	Legal Reserve for Hedge	Legal Reserve for Intangible Assets	Retained Earnings	Total	Non-Controlling Interest	Total Equity
As at March 31, 2020	1,953	1,219	735	(353)	226	43,064	46,844	233	47,077
Net Result for the Financial Year	-	-	-	-	-	9,471	9,471	108	9,579
Other Comprehensive Income	-	-	(2,134)	-	-	(8)	(2,142)	-	(2,142)
Total Comprehensive Income	-	-	(2,134)	-	-	9,463	7,329	108	7,437
Transfer of Reserve for Intangible Assets	-	-	-	-	(107)	107	-	-	-
Dividends Paid	-	-	-	-	-	(3,915)	(3,915)	-	(3,915)
As at March 31, 2021	1,953	1,219	(1,399)	(353)	119	48,719	50,258	341	50,599
Net Result for the Financial Year	-	-	-	-	-	10,179	10,179	64	10,243
Other Comprehensive Income	-	-	1,543	-	-	82	1,625	15	1,640
Total Comprehensive Income	-	-	1,543	-	-	10,261	11,804	79	11,883
Transfer of Reserve for Intangible Assets	-	-	-	-	72	(72)	-	-	-
Dividends Paid	-	-	-	-	-	(4,732)	(4,732)	-	(4,732)
As at March 31, 2022	1,953	1,219	144	(353)	191	54,176	57,330	420	57,750

Notes 1 to 29 are an integral part of these consolidated financial statements.



CONSOLIDATED

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

In thousands of euros	Note	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021	In thousands of euros	Note	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Operating Result		13,630	12,416	Capital Expenditures in Intangible Assets	12	–	–
Adjustments for:				Disposal of Property, Plant and Equipment	12	26	–
• Amortization of Intangible Assets and Impairments	12	87	124	Capital Expenditures in Property, Plant and Equipment	13	(3,346)	(1,953)
• Depreciation of Property, Plant and Equipment and Impairments	13	2,314	2,310	Cash Flow used in Investment Activities		(3,320)	(1,953)
• Depreciation of Right-of-Use Assets	14	1,008	625	Dividends Paid		(4,732)	(3,915)
• IFRS 16: reversal of lease costs		(921)	–	Cash Flow used in Financing Activities		(4,732)	(3,915)
• Changes in Provisions	25	(17)	44	Exchange Rate and Translation Differences on Cash and Cash Equivalents		362	318
• Exchange Rate Differences		253	20	Net Cash Flow		321	8,972
Cash Flow generated from Operating Activities before changes in Working Capital, Tax and Interest		16,354	15,539	Cash and Cash Equivalents as at April 1		16,638	7,666
Changes in Working Capital		(5,715)	1,066	Cash and Cash Equivalents as at March 31		16,959	16,638
Income Tax Paid		(2,594)	(2,008)	Net Cash Flow	18	321	8,972
Interest Received		94	22				
Interest Paid		(128)	(97)				
Cash Flow generated from Operating Activities		8,011	14,522				

Notes 1 to 29 are an integral part of these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IN THOUSANDS OF EUROS, UNLESS STATED OTHERWISE

1. General Information

Holland Colours NV (‘the company’) is a listed limited liability company (‘Naamloze Vennootschap’) under Dutch law with its registered office in Apeldoorn, the Netherlands.

The company and its subsidiaries (‘the Group’), manufacture, distribute and sell color concentrates. As of the balance sheet date, the Holland Colours Group operates through eight of its own facilities and a network of agents and distributors.

Shares of the company are listed on the Euronext stock exchange in Amsterdam.

Since April 2, 2012, just over 50% of the shares in Holland Colours NV have been held by the Dutch-based investment company Holland Pigments BV, in which, along with others, all employees of Holland Colours participate. The employees collectively hold approximately 25% of the shares in Holland Pigments BV. Participations held in Holland Pigments by former directors (who are also major shareholders in Holland Pigments) are excluded from this number.

The Group’s financial year commences on April 1 and closes on March 31 of the following year.

The consolidated IFRS financial statements of the company comprise the financial statements of the company and its subsidiaries.

On May 25, 2022, the Board of Management authorized the financial statements for issue. The financial statements as presented in this report are subject to adoption by the Annual General Meeting of Shareholders on July 7, 2022.

2. Impact Covid-19 and the situation in Ukraine on the Financial Statements

COVID-19

As in the previous year, Holland Colours monitored the COVID-19 situation in the organization, the conclusion being that it has become less anxious about it over time. COVID-19 made it hard for us to interact with customers, and we saw that most companies were primarily focused on maintaining production and meeting demand, and less focused on what is new or next. Covid-19 had a limited impact on the company’s revenues and it has not impacted our going-concern assumption.

Holland Colours has a strong balance sheet, a solid cash position and generates positive operational cash flows. As mentioned earlier, Covid-19 had a limited effect on our business and financial performance. We monitored closely our customers and working capital and saw no indications/reasons to take any actions.

The impact of the pandemic on the Financial Statements has been considered for each of the relevant notes, and additional disclosures have been provided if COVID-19 had a material impact on a specific Financial Statements section. In our 2021/2022 figures, all COVID-19 related impacts have been treated as normal results from operations.

THE SITUATION IN UKRAINE

The situation in Ukraine had no material impact on the company’s results for the year. Ukraine, Russia and Belarus form only a modest part of our business (around 4% of total Holland Colours group revenues), and we have no own operations there. We have decided to halt all market and business development in Russia and Belarus, but to continue to supply existing clients in line with EU sanctions. We continue to monitor the situation closely and will follow the applicable international laws and regulations regarding sanctions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Summary of Accounting Principles

GENERAL

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Title 9 Book 2 of the Dutch Civil Code.

The consolidated financial statements are presented in thousands of euros, rounded to the nearest thousand, unless stated otherwise.

The consolidated financial statements are prepared on the basis of historical cost.

The accounting policies as detailed below are applied consistently for all periods presented in these consolidated financial statements.

OPERATING SEGMENTS

We determine and present operating segments based on the information that is used by the Board of Management. The segmentation is divisional, based on the regions in which the Group operates. In turn, these regions reflect the Group's management and internal reporting structure. Segmentation based on markets in which the Group operates requires significantly more profit allocation. This is because several products are sold in more than one market, which makes the cost for accounting ineffective.

IFRS CHANGES

Below are the changes in the IFRS standards that have been issued and became effective as of January 1, 2021. These changes do not have a material impact on the Group.

IFRS	Topic	Effective date
IFRS 16	Leases: COVID-19 related rent concessions – extension of the practical expedient.	Annual periods beginning on or after April 1, 2021.
IFRS 7, IFRS 4 and IFRS 16	Amendments to interest Rate Benchmark Reform – Phase 2.	Annual periods beginning on or after January 1, 2021.

New standards that become effective for Holland Colours after the 2021/2022 financial year are not included with early adoption. The IFRS standards shown in the table below will

become effective for Holland Colours after March 31, 2022. The impact of these changes on the Group is expected to be limited.

IFRS	Topic	Effective date
IFRS 3, IAS 16, IAS 37, IFRS 1, IFRS 9, IAS 41 and IFRS 16	A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16.	Annual periods beginning on or after January 1, 2022.
IAS 1	Presentation of financial statements on classification of liabilities.	Annual periods beginning on or after January 1, 2023.
IAS 12	Amendment to deferred tax related to assets and liabilities arising from a single transaction.	Annual periods beginning on or after January 1, 2023.
IFRS 17	Insurance contracts.	Annual periods beginning on or after January 1, 2023.

USE OF ESTIMATES

The preparation of the financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the financial statements. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are included in the period in which they are revised. The most important estimates are stated under the relevant policies and relate to impairment analysis of Property, Plant and Equipment, the valuation of Inventories and the incremental borrowing rate and/or the renewal options of the Lease Liabilities.

CONSOLIDATION

The consolidated financial statements include the accounts of Holland Colours NV and its subsidiaries. Subsidiaries are companies over which Holland Colours NV has control because it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect returns through its power over the subsidiary. Non-controlling interests in equity and in results are presented separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the financial data of the following companies:

Legal structure including capital interest and division structure

Division	Subsidiaries	Interest	Consolidated
EMEIA	Holland Colours Europe BV, the Netherlands, Apeldoorn	100%	100%
EMEIA	Holland Colours UK Ltd, United Kingdom, Gillingham	100%	100%
EMEIA	Holland Colours Hungária Kft, Hungary, Szolnok	100%	100%
Americas	Holland Colours Canada Inc., Canada, Toronto	100%	100%
Americas	Holland Colours Americas Inc., United States, Richmond Indiana	100%	100%
Americas	Holland Colours Mexicana SA de CV, Mexico, Tultitlán	100%	100%
Asia	PT Holland Colours Asia, Indonesia, Surabaya*	99%	100%
Asia	PT Holco Indo Jaya, Indonesia, Surabaya**	88%	100%

* Holland Pigments BV holds 1% of the legal ownership of PT Holland Colours Asia, in Indonesia. Economic ownership resides with Holland Colours NV.

** PT Holland Colours Asia holds 36% of the legal and economic ownership of PT Holco Indo Jaya, in Indonesia, and Holland Colours NV holds 52% of the legal and economic ownership.

There were no changes to the consolidated Group compared with the 2021/2022 financial year.

Holland Colours NV and PT Holland Colours Asia jointly own 88% of the shares in PT Holco Indo Jaya, and the Italy-based Gaypa Srl holds the remaining 12% (12% in 2020/2021). The results of PT Holco Indo Jaya are consolidated on an integral basis in the figures for the Group. The non-controlling interest is recognized separately in the results and equity of the Group.

In the consolidated financial statements, all intercompany receivables, payables and deliveries are fully eliminated, as are the related and not yet realized results. Unrealized losses are eliminated in the same way as unrealized profits unless there is an indication of impairment.

FOREIGN CURRENCY

Transactions included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates. Transactions in foreign currency are translated to the functional currency using the foreign exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the balance sheet date. Foreign exchange differences resulting from translation into the functional currency are recognized in the Income Statement.

Assets and liabilities of Group companies with a functional currency other than the euro are translated using the foreign exchange rate at the balance sheet date. The Income Statement for these Group companies is translated at the average exchange rate during the financial year. Foreign exchange rate differences are recognized in unrealized results and the foreign currency

translation reserve. On sale or termination of an operation outside the Eurozone, the amount concerned is transferred from Equity to the Income Statement as part of the gain or loss on sale or termination.

The principal exchange rates against the euro used in preparing the balance sheet and the statement of income are:

Exchange Rates Used

in EUR	Balance Sheet		Income Statement	
	March 31, 2022	March 31, 2021	2021/2022	2020/2021
US dollar	1.11	1.17	1.16	1.17
British pound	0.85	0.85	0.85	0.89
Canadian dollar	1.39	1.48	1.46	1.54
Mexican peso	22.09	24.11	23.61	25.25

REVENUE RECOGNITION

Revenues from contracts with customers are recognized by identifying the contract and its performance obligations as well as determination and allocation of the transaction price to these performance obligations. Revenues are recognized for each performance obligation when the control of goods or service have been transferred from Holland Colours to the customer at a point in time based on the contract. This is normally when the goods have arrived at the customer. The revenue is measured at the fair value of the transaction price received. This means the revenue is recognized net of rebates, discounts and similar allowances and net of sales tax.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Grants

Government grants related to costs (which include grants related to COVID-19) are deducted from the relevant costs to be compensated in the same period. Government grants to compensate for the cost of an asset are deducted from the cost of the related asset.

Finance Income and Expense

Finance Income and Expense include the income and expenses on lent and borrowed funds and interest charges on lease payments. Finance Income and Expense is recognized in the Income Statement under Finance Income and Expense if no hedge accounting is applied.

Income Tax

Income Tax Expenses comprises both current and deferred tax, including the effects of changes in tax rates.

The tax amount is calculated on the basis of the tax rates and tax legislation as applicable on the reporting date in the countries in which the Group operates and generates income subject to taxation. Current income tax relating to items recognized directly in Equity is recognized in Equity and not in the Income Statement. Uncertain tax positions may exist due to interpretation differences of applicable tax regulations.

Current tax receivables and liabilities for the current period are measured at the amount expected to be reclaimed from or paid to the tax authorities.

Earnings per Share

Earnings per ordinary share are calculated as the Net Result attributable to holders of ordinary shares, divided by the weighted average number of outstanding shares in the period concerned.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

General

The valuation principles are primarily based on valuation of the assets and liabilities at historical cost.

Offsetting Financial Instruments

Financial Assets and Liabilities are offset in the consolidated balance sheet only in situations of an actual legally enforceable right to offset the amounts recognized, and only if it is the intention to settle these amounts on a net basis or simultaneously.

Intangible Assets

Costs of Development Activities are capitalized if the product or process is technically and commercially feasible, the Group has sufficient resources to complete its development, and it is expected that the product or process will generate future gains. The capitalized expenses comprise direct labor cost and a surcharge for overhead costs, to the extent that these are attributable to the project. All other research and development costs

are stated as an expense in the Income Statement at the time they are incurred.

Capitalized Development Costs are valued at cost, less accumulated amortization and impairments, if applicable. Amortization costs are charged to the Income Statement over their estimated useful life, which is typically five years.

Intangible Assets are assessed for impairment if there are events or indications that an intangible asset might be subject to a loss in value. The amortization period and method for an intangible asset with a measurable useful life are assessed, at the very least, at the end of each financial year. Changes in the expected useful life of an asset or in its expected pattern of future economic benefits are accounted for by changing the amortization period or method and are treated as changes in accounting estimates.

Other Intangible Assets

The Other Intangible Assets consist of the costs of computer software and licenses, plus the external costs related to their implementation and commissioning. Other Intangible Assets are measured at historical cost; that is, the acquisition price or production cost less cumulative amortization and any applicable impairments.

Amortization

Amortization of Intangible Assets is charged to the Income Statement according to the straight-line method. The basis applied is the estimated useful life of each component within an item that falls into the Development Costs and Other Intangible Assets category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The estimated useful life is as follows:

Development Costs	5 years
Other	3-5 years

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation, based on the estimated useful life of the assets concerned and impairment losses. The costs of assets produced in-house comprise material costs, direct labor cost and an appropriate portion of the directly attributable overhead costs. Finance costs are added to the costs of Property, Plant and Equipment if these meet the conditions for recognition in the balance sheet. If significant parts of Property, Plant and Equipment must be replaced at regular intervals, the Group recognizes these as separate assets with their own useful life and depreciation method. All other repair and maintenance costs are recognized in the Income Statement at the time they occur.

Property, Plant and Equipment are assessed for impairment if there are events or indications that an item may have lost value. The depreciation period and method for Property, Plant and Equipment with a measurable useful life is assessed, at the very least, at the end of each financial year. Changes in the expected useful life of an asset, or in its expected pattern of future economic benefits, are accounted for by adjusting either the depreciation period or method. These are treated as changes in accounting estimate.

Financial Non-Current Assets

Loans and receivables for which the maturity date is more than 12 months after the balance sheet date are presented as Financial Non-Current Assets. On initial recognition, these are measured at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans are valued at amortized cost using the effective interest rate method, less any impairment. Gains or losses arising from changes in the amortized cost are accounted for in the Income Statement under Finance Expense.

Right-of-Use Assets

We assess at inception whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Leases are recognized as Right-of-Use Assets on the balance sheet under Non-Current Assets. The related lease liability is recognized as an obligation on the balance sheet under Non-Current Liabilities and Current Liabilities. The Group applies judgement in evaluating the term of lifetime of a lease. A judgement has to be made whether it is reasonably certain to exercise an option to renew or terminate a lease. The non-cancelable term of the lease is then determined based on these judgements. If the Group expects that the expiry date of the current contract will not in fact be the actual end date, the lease obligation is determined to include extension periods.

The Group uses the practical expedients to apply a single incremental borrowing rate per portfolio of leases. Leases of low-value objects and non-lease components are excluded for buildings. Non-lease components do not apply to vehicle fuel costs, because fuel costs do not form part of the lease term. The Group uses the implicit interest rate when available. If not, the Group uses an Incremental Borrowing Rate (IBR) to measure the lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow the necessary funds, over a similar term and with a similar security, to obtain an asset of similar value to the Right-of-Use Asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay.' This necessitates estimating when no observable rates are available or when rates need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR based on observable inputs (such as market interest rates) and is required to make certain entity specific estimates. For this financial year the weighted average IBR is 4.1%.

Right-of-Use Assets are depreciated using the straight-line method over the lifetime of the object, in line with the duration of the contract. The net present value of the obligation is calculated using the applicable discount rate for object and country. The periodical payments to the lessor, based on the lease contract, can be considered as repayments of the obligation. The depreciations costs are charged as Depreciation and Amortization, the service costs as Other Operating Expenses and the interest expenses as Finance Expense to the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

lease and rental agreements included in the standard for Lease and Rental Obligations are classified as Right-of-Use Assets. Property, Plant and Equipment acquired by means of leases or rentals are, at the moment of capitalization, measured using the then net present value of the lease payments. The depreciation period for Right-of-Use Assets reflects the duration of the underlying lease or rental contract. The depreciation method is straight-line.

The depreciation period and method for Right-of-Use Assets is assessed, at the very least, at the end of each financial year. Changes in the expected useful life of an asset or in its expected pattern of future economic benefits are accounted for by adjusting either the depreciation period or method. These are treated as changes in accounting estimate.

Low-value leases, below € 5,000 per underlying asset, are not recognized in the Right-of-Use Assets and Lease Liabilities. Lease payments on the lease of low-value assets are recognized as expensed on a straight-line basis over the lease term and recognized as general and administrative expenses in the statement of profit or loss. Low-value leases are not recognized in the balance sheet.

Depreciation

Depreciation is charged to the Income Statement according to the straight-line method on the basis of the estimated useful life of each component of items of Property, Plant and Equipment. Depreciation is not applied to land.

The estimated useful life is as follows:

Buildings	25-40 years
Machinery and Equipment	10 years
Other Non-Current Assets	3-5 years
Right-of-Use Assets	1-10 years

The remaining useful life, residual value and depreciation method are assessed on an annual basis.

Impairment of Non-Current Assets

An asset is impaired if its realizable value is less than its carrying amount. Non-current assets are assessed on an annual basis for indications of impairment per location. If there are such indications, or events, the realizable value of the asset concerned is estimated based on either its directly realizable value or its value in use to the company. The impairment test is primarily based on cashflow forecasts of five years. Elements considered to determine if a different approach would be more appropriate are, among others, high growth/emerging economies, geographical expansion opportunities and the introduction of new product lines. The cashflow forecast is calculated with the expected free cashflow and discounted to the present value using a weighted average cost of capital of 8% for the Group. Sensitivity tests are performed for growth assumptions, scenario-based adjustments to the free cashflow forecast and for the weighted average cost of capital.

An impairment loss is reversed if there is a change to the estimates used. The reversal is done to the extent

that the carrying amount of the asset does not exceed the carrying amount that would have been the case if no impairment had been recognized – so after deduction of the then applicable depreciation.

Deferred Income Tax

A receivable is recognized for deferred tax positions, or a provision is formed for this, using the balance sheet method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the carrying amount of these items for tax purposes.

The carrying amount of Deferred Tax Assets is assessed at reporting date and reduced if and when it is unlikely that sufficient taxable profit will be available to absorb these temporary differences and/or changes incurred to the assessment base (such as a change in the corporate tax rate). Deferred Tax Assets not recorded are reassessed at reporting date and recorded when deemed realizable based on expected future taxable profits.

Deferred Tax Assets and Liabilities are valued at the tax rates and under the tax law that has been substantially enacted at the balance sheet date and which are expected to apply in the period in which the asset is realized or the liability is settled.

Under certain circumstances, current and deferred tax is recognized outside profit or loss either in Other Comprehensive Income or directly, in Equity, depending on the item the tax relates to.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred Tax Assets and Liabilities are offset if, and only if, there is a legally recognized right to set off current tax assets and liabilities, and the Deferred Tax Assets and Liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

There is a degree of uncertainty around the correct interpretation of complex tax regulations and the amount and timing of future taxable profits.

Given the huge diversity of international business relations, discrepancies between the assumptions made and the actual outcomes, or future changes in such assumptions, this could lead to future changes in the tax payments and returns already recognized.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost price for inventories is based on the FIFO principle (first in, first out). Finished Goods is valued at production cost including costs of raw materials and a surcharge to direct and indirect production costs. This valuation is based on normal capacity, or at realizable value if lower. The net realizable value comprises the estimated selling price in the normal course of the business, less the estimated cost for completion and estimated costs necessary to make the sale.

The estimated selling price is based on actual selling prices and the recent sales history information per product. Aging of products is tracked and based on and in line with the aging management estimates of the risk of obsolescence and this is used to adjust the valuation of the inventory accordingly.

Trade and Other Receivables

Trade and Other Receivables are recognized initially at fair value and subsequently at amortized cost. A provision for non-collectability is established based on expected credit loss.

The Group measures the expected credit losses allowance for its trade receivables for the whole lifetime of the receivables (simplified approach). To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. If these differences are substantial, they are grouped based on days past due and security, when applicable. The expected loss rates are based on the historical payment profiles of sales of the last five years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information when these would affect the ability of customers to settle the receivables. Management assesses forward looking information in relation to the specific market in which it operates. Bad debts are written off entirely once the inability to collect has been established with certainty. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure to make

the contractual payments for a period longer than the local applicable payment term, or a trade debtor has financial difficulties, or a trade debtor is unable to engage in a repayment plan with the Group.

Cash and Cash Equivalents

Cash and Cash Equivalents comprises cash balances and short-term deposits that are available on call. Cash and Cash Equivalents are financial instruments that are classified as measured at amortized cost.

Dividends

Dividends payable to shareholders are recognized as a liability to shareholders once the proposed profit appropriation has been approved by the Annual General Meeting of Shareholders.

Employee Benefit Obligations

Holland Colours Group has a number of pension plans in accordance with local conditions and practices. The voluntarily pension plans of the subsidiaries are in line with local legislation and regulation and are included in the financial statements as defined contribution plans. These involve the payment of predetermined premiums to an insurance company. The terms of these pension plans mean that Holland Colours Group has no legal or factual obligation to pay additional premiums if the insurance company has insufficient means to fund current or future pensions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other Employee Benefits

The termination of the pre-pension plan (including the transitional arrangement) for employees in the Netherlands has led to the originally agreed conditional financing of past service years being converted into an annual payment of the same amount. This is also conditional. The most important conditions for this payment are that an employee must still be in the company's service at the time of the annual payment and that the Group's financial results are assessed by the Board of Management as being sufficient to cover this payment. The Group has included a provision for this future liability, which will end in September 2037. Any revaluation of this future liability is recognized in the profit and loss account.

The Group has also included a provision for other long-term obligations regarding Employee Benefits. These include jubilee payments, which are earned by employees for their service in the current and previous reporting periods.

The obligations are calculated partly on the basis of actuarial principles and based on a discount rate of (0.6%) (2020/2021 (0.6%)) in accordance with the IBoxx Index Government bonds. They are recognized under Non-Current Liabilities. The expenses are reported in the Income Statement under Personnel Expenses. All assumptions are reassessed at balance sheet date.

Provisions

A provision is recognized in the balance sheet when there is a present obligation (legal or constructive) for the Group as a result of a past event and it is probable that an outflow of economic benefits will be required to settle this obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for restructuring of activities are recognized when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. We do not provide for future operating costs.

Lease Liabilities

The obligation arising from lease and rental agreements is classified as Lease Liabilities on the balance sheet. Lease Liabilities that run longer than 12 months are recognized under Non-Current Liabilities. Lease Liabilities shorter than 12 months are recognized under Current Liabilities. The estimated value of the liability is the calculated net present value of the remaining periodical payments as included in the contract. Applicable discount rates have been determined for each object and country of the lease portfolio for the calculation of the net present value.

Trade and Other Payables

Trade and Other Payables are recognized initially at fair value and subsequently measured at amortized cost.

Determination of Fair Value

Certain accounting policies as well as disclosures by the Group require fair value assessments of financial and non-financial assets and liabilities. Further information on the principles used in these assessments is provided in the notes relating to the specific asset or liability.

Long-Term Receivables

Long-term Receivables at fixed and variable interest rates are assessed by the Group on the basis of factors such as the applicable interest rate and the borrower's individual creditworthiness. When necessary, a provision is formed for losses expected on these receivables on the basis of this assessment. As at March 31, 2022, the carrying amount of these receivables did not vary materially from their fair value.

Trade and Other Receivables

The fair value of Trade Debtors and Other Receivables is estimated as the net present value of future cash flows, based on market interest rates as at the reporting date. This fair value is determined for informative purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Financial Risk Management

As part of the normal conduct of its business, the Group is exposed to a variety of financial risks such as currency risk, credit risk, liquidity risk, interest risk and capital risk. In terms of risk management policy, it is recognized that the financial markets are volatile and that the aim should be to limit the potential negative effects of this on the Group's financial results as much as possible. The Board of Management is responsible for managing the risks associated with our activities and the establishment and adequate functioning of appropriate risk management and control systems.

CURRENCY RISK

The reporting currency of the Group is the euro. Being a global operation, the Group is exposed to a variety of foreign currencies. Currency risk arises from engaging in commercial transactions in non-functional currencies (mainly USD). Holland Colours aims to limit the effect of transaction-related exchange-rate exposure on the Group by preferring to invoice in the functional currency of the supplying entity, which in most cases is regional. Currency hedging on outstanding AR or projected sales is not in place. The Group participates in several foreign subsidiaries of which the net equity is mainly USD nominated. This is subject to currency translation risk in the consolidation process. The impact varies over the years and is complicated to mitigate due to the long-term fluctuations in the EUR-USD rate. This risk is monitored but not hedged.

The table below shows the sensitivity of the net result after tax and the equity (including translation effects) to the US dollar with all other variables kept constant:

	2021/2022		2020/2021	
	Increase EUR-USD 10%	Decrease EUR-USD 10%	Increase EUR-USD 10%	Decrease EUR-USD 10%
Net Result	(544)	634	(813)	674
Equity	(2,847)	3,627	(2,479)	3,052

In relative terms, the various currencies affected the Group's net sales and expenses as follows:

	Revenue		Expenses	
	2021/2022	2020/2021	2021/2022	2020/2021
Euro	47%	46%	41%	43%
US dollar	37%	39%	32%	43%
Other	16%	15%	27%	14%
Total	100%	100%	100%	100%

CREDIT RISK

Credit risk is the risk of financial loss by the Group in the event a customer fails to meet their contractual obligations. Credit risk mainly arises from receivables from customers. Holland Colours follows an active policy to minimize credit risk. This policy includes strict internal guidelines regarding overdue payments, the use of sales information systems, the consultation of external sources and, where necessary, requesting security for payment. Due to its distribution over a large number of customers and geographical areas, there is no significant concentration of credit risk.

There is no insurance for credit risk in place. The cash transactions are executed with creditworthy financial institutions.

LIQUIDITY RISK

Liquidity risk is the risk that Holland Colours is unable to meet its obligations when they are due. Holland Colours' policy with regard to liquidity risk is to ensure to the best of its ability that sufficient committed credit facilities are available to meet its payment obligations in time, in both normal and exceptional situations. The Trade and Other liabilities all fall due within one year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group aims to maintain flexibility in funding by keeping credit lines available at a number of well-known financial institutions. On the basis of cashflow forecasting models, the Group tests whether the available credit facilities will cover the expected credit need. Based on the analysis, the Group believes that the current expected credit need is covered sufficiently.

INTEREST RATE RISK

At the end of the fiscal year, there were no current or non-current borrowings. As the Group has no significant interest-bearing assets and liabilities, the direct impact of changes in the market rates to the Group's income and operating cash flow is limited.

CAPITAL RISK

The policy of the Group regarding the capital structure of the company is based on the solvency ratio. The solvency ratio remains above 60% and is calculated by equity/total assets. In addition, the Group aims to finance its activities with equity.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group applies the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques whereby the lowest-level input as significant for valuation at fair value is directly or indirectly observable;

- Level 3: Valuation techniques whereby the lowest level input as significant for valuation at fair value is not observable.

Changes in the fair value of the above-mentioned Financial Instruments, if accounted for at fair value, are recognized in the Income Statement unless hedge accounting is applied.

The fair value of Financial Instruments is calculated on the basis of the net present value of the expected future cash flows by virtue of repayment and interest payments. The calculation is not based on observable market data.

Trade and Other Receivables, Payables to Suppliers, Credit Institutions and Other Debt due to expire within one year are included in the financial statements at amortized cost. The amortized cost is considered to be a reflection of fair value due to the short duration.

5. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash flows in foreign currencies are translated at transaction date.

6. Segment Information

The Group is divided into geographical segments for management as well as business purposes. The segment information contained in the financial statements is therefore presented based on the organizational structure

of the Group. In this, the three operating units each represent a region and the holding, under 'Other' represents General Management, Innovation and Technology and other central functions.

The Board of Management monitors the operating result of the geographic segments to facilitate the decision-making process in relation to the allocation of resources and the performance evaluation. The operating result of the segments is determined and based on the same accounting principles as the operating result shown in the consolidated financial statements.

The funding of the Group, including loan structure and dividend policy as well as the current income tax, deferred income tax and certain financial assets and liabilities are also not allocated to the segments since these items are supervised at Group level.

Transfer prices for transactions and services between the operating segments are set on an arm's-length basis.

Revenue in the Netherlands accounted for 53% (2020/2021: 52%) and the USA accounted for 24% (2020/2021: 24%) of total revenue. There are no other significant revenue concentrations in specific countries. The Group companies in the identified segments are to some extent dependent on certain large customers.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segments 2021/2022	EMEIA	Americas	Asia	Other	Adjustments/ Eliminations	Total
Revenue	58,489	37,622	14,354	-	-	110,465
Intersegmental Transactions	1,195	38	-	-	(1,233)	-
Revenue including Intersegmental Transactions	59,684	37,660	14,354	-	(1,233)	110,465
Depreciation, Amortization and Impairments	(1,256)	(722)	(382)	(254)	(798)	(3,412)
Operating Result from Continued Operations	5,813	3,901	1,923	1,992	-	13,629
Financial Income	-	-	-	-	94	94
Financial Expense	-	-	-	-	(86)	(86)
Tax	-	-	-	-	(3,301)	(3,301)
Net Result	-	-	-	-	10,243	10,243
Non-Current Assets	10,853	6,318	4,251	59,572	57,447	23,547
Current Assets	26,543	18,461	10,032	2,178	(1,145)	56,069
Liabilities	17,005	3,996	3,087	4,016	(6,239)	21,866
Total Investments	2,141	809	324	74	(3)	3,345
Average Number of Employees (in FTE)	205	95	129	19	-	448

Segments 2020/2021	EMEIA	Americas	Asia	Other	Adjustments/ Eliminations	Total
Revenue	48,929	32,236	14,864	-	-	96,029
Intersegmental Transactions	902	29	-	-	(931)	-
Revenue including Intersegmental Transactions	49,831	32,265	14,864	-	(931)	96,029
Depreciation, Amortization and Impairments	(1,242)	(707)	(349)	(313)	(448)	(3,059)
Operating Result from Continued Operations	3,676	3,745	3,805	1,190	-	12,416
Financial Income	-	-	-	-	22	22
Financial Expense	-	-	-	-	(97)	(97)
Tax	-	-	-	-	(2,762)	(2,762)
Net Result	-	-	-	-	9,579	9,579
Non-Current Assets	10,024	5,940	3,822	52,093	(49,375)	22,505
Current Assets	20,230	16,264	7,516	2,134	76	46,220
Liabilities	14,182	3,781	2,291	3,297	(5,425)	18,126
Total Investments	1,388	406	159	1	-	1,954
Average Number of Employees (in FTE)	208	101	112	15	-	436



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Revenue

The table below shows the breakdown of Revenue per market segment.

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Building & Construction	52,310	42,632
Packaging	32,930	31,663
Coatings, Sealants & Adhesives	15,021	12,593
Other	10,204	9,141
Total Revenue	110,465	96,029

8. Personnel Expenses

The table below shows the breakdown for Personnel Expenses.

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Wages and Salaries	(19,157)	(16,987)
Social Security	(1,949)	(1,943)
Pension Costs	(1,264)	(1,009)
Personnel Expenses	(22,370)	(19,939)

For this financial year, an accrual for profit sharing of € 2,255 is included (2020/2021: € 1,708). This is included under Wages and Salaries. All employees in the Group are eligible for the profit-sharing plan. Payments depend on the Group's ROI and the operating result of the division in which the individual employee works.

The remuneration of the Board of Management and the Supervisory Board is shown in Note 28: Related Parties. The pension costs relate to defined contribution plans.

Wages and salaries in this financial year include € 90 of government grants (2020/2021: € 1,083, including € 1million COVID-19 assistance in the USA).

In this financial year, the average number of employees was 448 FTEs (2020/2021: 436 FTEs).

9. Other Operating Expenses

The table below shows the main components of the Other Operating Expenses.

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Other Personnel	(2,496)	(2,610)
Travel and Accommodation	(939)	(639)
Maintenance	(1,471)	(1,288)
Energy	(1,446)	(1,089)
Consulting	(2,414)	(1,971)
Materials	(1,488)	(1,154)
Insurance	(616)	(560)
Other Costs	(1,356)	(1,523)
Other Operating Expenses	(12,226)	(10,834)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Finance Income and Expense

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Finance Income	94	22
Finance Expense	(180)	(97)
Finance Income and Expense	(86)	(75)

11. Income Tax

The main components of the Tax charge in this financial year are shown in the table below.

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Consolidated Income Statement		
Corporate Income Tax due this year:		
• Current Income Tax	(3,329)	(2,855)
• Tax Incentive Programs, including Innovation Box	140	117
• Other Taxes, including Applied Withholding Tax	(124)	(107)
Deferred Tax:		
• In relation to the existence and reversal of temporary differences	12	83
Income Tax recognized in the Consolidated Income Statement	(3,301)	(2,762)

The Corporate Income Tax as recognized in the consolidated income statement amounted to € 3,301 versus € 2,762 the previous year. The deferred tax asset position increased by € 12 (this increased the previous year by € 83). The increase mainly related to the change in tariffs in the Netherlands. Please also refer to note 15.

The Other Taxes mainly relates to local applied Withholding Taxes on dividends and royalties paid to the company by the operating entities in Indonesia, Canada and Mexico. These accumulated charges are gradually applied against the Dutch corporate income tax.

Calculation of effective tax rate starting at statutory tax rate in the Netherlands:

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Result before Income Tax	13,732	12,341
At the 25% rate applicable in the Netherlands	(25.0%) (3,433)	(25.0%) (3,085)
Effect of different tax rates in countries in which the Group operates	0.0% –	0.0% –
Tax exempt income COVID-19 assistance	0.8% 104	2.0% 252
Adjustments of Tax recorded in previous years	(0.4%) (51)	0.3% 32
Expenses not tax-deductible	(0.4%) (61)	(0.7%) (84)
Tax incentive programs	1.0% 140	0.9% 117
Other differences	0.0% –	0.0% 6
	(24.0%) 3,301	(22.5%) (2,762)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Intangible Assets

	Development Costs	Other	Assets under Construction	Total
As at March 31, 2020				
Cost	1,922	504	28	2,454
Accumulated Amortization	(1,696)	(478)	-	(2,174)
Carrying Amount	226	26	28	280
Change in Asset Value				
Capital Expenditures	-	-	-	-
Carrying Amount of Disposals				
Transfer	-	28	(28)	-
Impairments				
Amortization	(107)	(17)	-	(124)
Exchange Rate Differences	-	-	-	-
Balance	(107)	11	(28)	(124)
As at March 31, 2021				
Cost	1,922	532	-	2,454
Accumulated Amortization	(1,803)	(495)	-	(2,298)
Carrying Amount	119	37	-	156
Change in Asset Value				
Capital Expenditures	-	-	-	-
Transfer	-	-	-	-
Amortization	(71)	(16)	-	(87)
Exchange Rate Differences	-	-	-	-
Balance	(71)	(16)	-	(87)
As at March 31, 2022				
Cost	1,922	532	-	2,454
Accumulated Amortization	(1,874)	(511)	-	(2,385)
Carrying Amount	48	21	-	69

The company's total expenses for research and development were € 2,007 in the financial year (2020/2021: € 2,390). The expenses are included under Personnel Expenses, Depreciation, Amortization and Other Operating Expenses. Due to the development structure of the research and technology department, the Group does not comply with all the criteria for capitalizing development costs in line with IAS 38,57. The amortization amounting to € 87 (2020/2021: € 124) is recognized under Amortization and Impairments in the consolidated Income Statement.

There were no impairments in this financial year in relation to the capitalized development costs (2020/2021: nil). The Other Intangible Assets consist of the purchase price of computer software and licenses, as well as the external costs related to their implementation and commissioning.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Property, Plant and Equipment

	Land and Buildings	Machinery and Equipment	Other	Assets under Construction	Total
As at March 31, 2020					
Cost	24,736	30,248	4,972	680	60,636
Accumulated Depreciation	(14,795)	(21,178)	(4,265)	-	(40,238)
Carrying Amount	9,941	9,070	707	680	20,398
Change in Asset Value					
Capital Expenditures	1,334	443	115	61	1,953
Transfer Assets under Construction	44	186	123	(353)	-
Transfer Cost between Categories	206	(206)	-	-	-
Transfer Accumulated Depreciation between Categories	(130)	130	-	-	-
Disposal Cost Price	(164)	(883)	(304)	-	(1,351)
Disposal Accumulated Depreciation	128	779	303	-	1,210
Depreciation	(682)	(1,371)	(257)	-	(2,310)
Exchange Rate Differences	(384)	(144)	(19)	1	(546)
Balance	352	(1,066)	(39)	(291)	(1,044)
As at March 31, 2021					
Cost	25,353	29,116	4,701	389	59,559
Accumulated Depreciation	(15,060)	(21,112)	(4,033)	-	(40,205)
Carrying Amount	10,293	8,004	668	389	19,354
Change in Asset Value					
Capital Expenditures	303	1,326	154	1,563	3,346
Transfer Assets under Construction	138	1,109	74	(1,321)	-
Disposal Accumulated Depreciation	-	(8)	(19)	-	(26)
Depreciation	(676)	(1,410)	(228)	-	(2,314)
Exchange Rate Differences	222	177	19	39	456
Balance	(13)	1,194	0	281	1,463
As at March 31, 2022					
Cost	26,016	31,720	4,930	670	63,335
Accumulated Depreciation	(15,736)	(22,522)	(4,261)	-	(42,519)
Carrying Amount	10,280	9,198	668	670	20,817

The capital expenditures include nil (2020/2021: nil) of capitalized Personnel Expenses. No impairments were occurred in this financial year (2020/2021: nil), while the asset count led to Disposals. The Group has provided collateral to a maximum of € 789 (2020/2021: € 724) in the form of mortgage rights on buildings in Indonesia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Right-of-Use Assets

The table below shows the movement of Right-of-Use Assets. These Assets consist of capitalized lease and rental contracts.

	Land and Buildings	Machinery and Equipment	Vehicles	Other	Total
As at April 1, 2020	584	158	683	-	1,425
Change in Asset Value					
New Contracts	128	76	612	-	816
Depreciation	(152)	(62)	(411)	-	(625)
Other Adjustments	-	(63)	63	-	-
Balance	(24)	(49)	264	-	191
As at March 31, 2021					
Carrying Amount	560	109	947	-	1,616
Change in Asset Value					
New Contracts	150	48	441	-	639
Depreciation	(336)	(59)	(405)	-	(800)
Other adjustments	-	-	(208)	-	(208)
Transfer	-	-	-	-	-
Balance	(186)	(11)	(172)	-	(396)
As at March 31, 2022					
Carrying Amount	374	98	775	-	1,247

15. Deferred Income Tax Assets and Liabilities

Deferred Income Tax resulting from temporary differences between the fiscal and commercial value of assets and liabilities is accounted for in the nominal tax rate applicable in the country concerned, but only if it is likely to be realized from future taxable profits. This likelihood assessment is based on projections of the future taxable results of the relevant entities in the Group. These projections are partly based on approved budgets.

The Deferred Tax Assets and Liabilities stated in the balance sheet can be attributed to the following items:

	April 1, 2021/ March 31, 2022		April 1, 2020/ March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Property, Plant and Equipment	301	250	297	189
Financial Non-Current Assets	203	-	219	-
Inventories	173	-	151	-
Other Receivables	238	-	245	-
Employee Benefits	351	-	342	-
Other Assets/Liabilities	149	23	65	-
Tax Loss Carry-Forward	-	-	-	-
Balance of Assets and Liabilities	1,415	273	1,319	189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Current	30	14
Non-Current	1,112	1,116
Deferred Tax Assets and Liabilities	1,142	1,130

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Change in Net Deferred Tax		
Opening Balance	1,130	1,047
Recognized in Income Statement	12	83
Deferred Tax Assets and Liabilities	1,142	1,130

The deferred tax asset position increased by € 12 (2020/2021: € 83) due to changes in tariffs.

16. Inventory

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Raw Materials	13,639	7,173
Finished Goods	6,959	5,431
Inventory	20,598	12,604

The Income Statement includes an amount of € 54,594 (2020/2021: € 46,429) under the direct selling cost and raw materials for usage of inventory goods.

At March 31, 2022, the provision for obsolete inventory amounted to € 1,016 (March 31, 2021: € 1,010). Movements in the provision for obsolete inventory are shown below.

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Opening Balance	(1,010)	(1,013)
Additions to the Provision	(89)	(319)
Withdrawals/Releases	114	299
Exchange Rate Differences	(31)	23
Closing Balance	(1,016)	(1,010)

Impairments charged to the provision relates to sales from inventory where provided for, or to disposal of obsolete inventory.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Trade and Other Receivables

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Trade Debtors	15,934	14,703
Tax-Related Receivables	830	907
Prepaid Items	1,381	1,037
Trade and Other Receivables	18,145	16,647

The Tax-Related Receivables relates to a VAT claim in Indonesia. The Group expects to receive the claim in full in the next financial year. The aging specification of Trade Debtors is shown in the table below.

	March 31, 2022	March 31, 2021
Not yet due	14,665	13,589
Overdue 0-30 days	994	940
Overdue 31-60 days	238	84
Overdue 61-365 days	(16)	38
Overdue 366 days or more	53	52
Total	15,934	14,703

Trade Debtors by Currency	March 31, 2022	March 31, 2021
Euro	8,371	8,121
US dollar	6,124	5,198
British pound	530	420
Other Currencies	909	964
Total	15,934	14,703

Trade and Other Receivables with less than one year to maturity are recognized initially at fair value and subsequently at amortized cost. Additions to the Provision for Doubtful Debts are included in the Income Statement under Other Operating Expenses.

The table below shows movements in the Provision for Doubtful Debts.

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Opening Balance	(161)	(191)
Additions to the Provision	27	58
Releases from the Provision	-	-
Write-off of Trade Debtors	(26)	(27)
Exchange Rate Differences	4	(1)
Closing Balance	(156)	(161)

The table below shows the percentages used for expected credit losses on trade receivables.

	March 31, 2022	March 31, 2021
Not overdue	0.25%	0.26%
1 - 30 days overdue	1.00%	1.00%
31 - 60 days overdue	2.50%	2.50%
91 - 365 days overdue	5.00%	5.00%
> 365 days overdue	100.00%	100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Cash and Cash Equivalents

	March 31, 2022	March 31, 2021
Bank Balances	16,955	16,633
Cash Balances	4	5
Total	16,959	16,638

The Cash and Cash Equivalents are freely available to the company. The credit risk on Cash and Cash Equivalents is limited as the counterparties are generally banks with high credit ratings from international credit-rating agencies.

19. Share Capital

ISSUED SHARE CAPITAL

The registered capital of Holland Colours NV is € 6,810 divided into 3,000,000 ordinary shares with a face value of € 2.27 per share. Of this registered total, an amount of 860,351 shares are issued and fully paid up. The total issued share capital is € 1,953. There were no changes to the issued capital in either the 2021/2022 or the 2020/2021 financial year.

SHARE PREMIUM RESERVE

The Share Premium Reserve of € 1,219 is available for distribution to shareholders and is unchanged relative to the last financial year.

20. Other Reserves

LEGAL RESERVE FOR FOREIGN CURRENCY TRANSLATION

The Foreign Currency Translation Reserve relates to all exchange-rate differences that originate from the translation of the financial statements of the subsidiaries with a functional currency other than the euro. This only applies to the non-monetary accounts. These translation results are directly allocated to Equity via Other Comprehensive Income. This practice was initiated on April 1, 2004, in accordance with the exception allowed in IFRS 1.

LEGAL RESERVE FOR HEDGE

Hedge accounting is applied to the net investment hedge of a USD 2.5 million loan that was redeemed as of March 2016. Hedge accounting results are included in Other Comprehensive Income until the net investment is sold. At that time, the results are recognized in the Income Statement. The net investment reserve is reduced by Deferred Taxes.

LEGAL RESERVE FOR INTANGIBLE ASSETS

A statutory reserve for development costs is formed in the company financial statements, although not specifically required under IFRS. This statutory reserve is formed within Equity to maintain alignment with Equity in the company financial statements. The above-mentioned reserves may not be distributed freely to shareholders. Negative amounts reduce the amount available for distribution and positive amounts are non-distributable.

21. Earnings per Share

Earnings per share allocated to shareholders (ordinary and diluted) in this financial year amounted to € 11.83 (2020/2021: € 11.00). The calculation of the earnings per share at March 31, 2022 is based on the net result attributable to shareholders of € 10,179 (2020/2021: € 9,471) and the average number of shares issued in this financial year of 860,351. The total number of issued shares did not change compared to March 31, 2021.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Non-Controlling Interest

This concerns a non-controlling interest at March 31, 2022 of 12% in the net asset value of PT Holco Indo Jaya (2020/2021: 12%).

23. Credit Facility

The company does not have any long-term debt positions outstanding (March 31, 2021: also nil). Short-term funding needs are covered with access to current account credit facilities of € 7,899 per balance sheet date (March 31, 2021: € € 7,937). These facilities are provided by various international and local banks and have no expiration date. The amount drawn was nil at the March 31 balance sheet date for both 2022 and 2021.

The bank agreements and collateral provided in relation to the Group's financing is limited to mortgage rights on real estate in Indonesia with a maximum value of €789 (March 31, 2021: € 724).

24. Lease Liabilities

The Group recognized Lease Liabilities on the balance sheet. The table below shows the movement and breakdown of Non-Current and Current Lease Liabilities.

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Opening Balance	1,599	1,444
Lease Payments	(679)	(660)
New Contracts	585	815
Other Adjustments	(226)	-
Closing Balance	1,279	1,599

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Non-Current Lease Liabilities	677	956
Current Lease Liabilities	601	643
Total	1,279	1,599

Maturity analysis – contractual undiscounted cashflows:

	March 31, 2022	March 31, 2021
Less than 1 year	640	75
Between 1 and 5 years	679	1,618
Longer than 5 years	2	-
Total	1,321	1,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Employee Benefit Obligations

PRE-PENSION PLAN IN THE NETHERLANDS

The pre-pension plan in the Netherlands relates to the obligation to issue a conditional annual payment.

As explained in Note 3, the originally agreed conditional financing of past service years in the pre-pension plan has been converted into an equivalent annual payment. This is also conditional. At March 31, 2022, the resulting liability amounted to € 236. On March 31, 2021, the liability was € 299.

LEGAL LIABILITY ON TERMINATION OF EMPLOYMENT – INDONESIA

This mainly relates to the legal liability to make a payout should the employment of Indonesian personnel be terminated. As of the reporting date, the primary actuarial assumptions were:

	March 31, 2022	March 31, 2021
Discount Rate	6.8%	7.0%
Expected Return Fund Capital Expenditures	6.8%	7.0%
Future Salary Increases	6.0%	6.0%
Average Remaining Period of Employment	7.20	8.00

Assumptions relating to future mortality rates are based on published statistical data and mortality tables. The mortality table used is the TMI 2011 (2020/2021: TMI 2011) table with a correction factor varying for age and gender. The total expected long-term Return on Investment amounts to 6.8 % (March 31, 2021: 7.0%).

OTHER EMPLOYEE BENEFITS

The Other Employee Benefits item also includes a provision for future jubilee payments of € 332 (March 31, 2021: € 285) and other future payments of € 57 (March 31, 2021: € 11).

Movements in the Employee Benefit Obligations are shown in the table below.

	Pre-pension Plan the Netherlands	Statutory Termination Employment Plan Indonesia	Other Employee Benefits	Total
As at March 31, 2020	392	537	292	1,221
Additions	–	102	2	104
Withdrawals/Releases	(93)	(24)	–	(117)
Exchange Rate Differences	–	(32)	1	(31)
As at March 31, 2021	299	583	295	1,177
Additions	–	200	134	324
Withdrawals/Releases	(63)	(223)	(39)	(325)
Exchange Rate Differences	–	9	–	9
As at March 31, 2022	236	569	389	1,194

Of this total, the following amounts have been accounted for under current liabilities:

	Pre-pension Plan the Netherlands	Statutory Termination Employment Plan Indonesia	Other Employee Benefits	Total
As at March 31, 2022	39	–	49	88
As at March 31, 2021	21	–	63	84



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Trade and Other Liabilities

	March 31, 2022	March 31, 2021
Trade Creditors	10,458	7,739
Payables Regarding Other Taxes	371	505
Other Liabilities and Accruals	6,563	5,371
Trade and Other Liabilities	17,392	13,615

The Payables regarding Other Taxes relates mainly to sales tax.

The Other Liabilities and Accruals also includes a profit share to be paid to employees of € 2,225 (March 31, 2021: € 2,048).



OTHER DISCLOSURES

IN THOUSANDS OF EUROS, UNLESS STATED OTHERWISE

27. Contingent Assets and Liabilities

CAPITAL COMMITMENTS

The Group had entered into capital commitments regarding Property, Plant and Equipment as at balance sheet date of € 2,089 (March 31, 2021: € 1,025).

PURCHASE CONTRACTS

The total commitment resulting from raw material purchase contracts was € 4,820 (March 31, 2021: € 2,977).

28. Related Parties

IDENTITY OF RELATED PARTIES

The related parties can be divided into the relations between the Group and its subsidiary companies, the members of the Board of Management, Supervisory Board and the holding company Holland Pigments BV.

REMUNERATION OF KEY OFFICERS OF THE GROUP

The key officers are the members of the Board of Management.

REMUNERATION POLICY

The remuneration policy for the Board of Management, which consists of the Chief Executive Officer, Chief Financial Officer and Chief Technology Officer, is set by the Supervisory Board. A separate Remuneration Committee is in place. Holland Colours strives to pay remuneration in line with the market for a company of its size, and in proportion to its overall salary structure. The remuneration package consists of a fixed element and a variable element. Fixed salaries are adjusted annually in line with inflation.

The variable payment for the Board of Management consists of a bonus plan based on achieving financial and non-financial targets. The bonus is up to three times the monthly salary in the event that 100% of the targets are achieved. The Board of Management also participates in the profit-sharing plan, under which Holland Colours pays up to 1.5 months' salary. For the Board of Management, the profit-sharing plan depends on the ROI realized by Holland Colours whereby 75% of this part of the bonus is paid in shares of Holland Pigments. Based on the results for the 2021/2022 financial year, the Board of Management will receive such a payment. For 2021/2022, the Board of Management partly achieved the bonus targets. An accrual for payout has been made.

The company does not offer an option plan.

The Group does not provide any personal loans, guarantees or advance payments to the members of the Board of Management or the Supervisory Board.

The contracts with the Chief Executive Officer, the Chief Financial Officer and the Chief Technology Officer specify a term of appointment of four years and a severance payment which is in accordance with the recommendations of the Dutch Corporate Governance Code.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The breakdown of the remuneration for the Board of Management and Supervisory Board is listed in the table below.

Board of Management	Coen Vinke		Tanja van Dinteren		Eelco van Hamersveld		Total	
	2021/2022	2020/2021	2021/2022	2020/2021 ¹	2021/2022	2020/2021	2021/2022	2020/2021
Fixed Salary	334	329	200	162	193	190	727	681
Pension Expenses	27	26	17	10	20	20	64	56
Variable Element	92	99	44	56	77	53	213	208
Non-Recurring Payment	-	-	96	-	-	-	-	-
	453	454	357	228	290	263	1,100	945

Transactions with Key Officers

Other than the regular remuneration, no transactions with key officers took place during the financial year.

Other Interests of Members of the Board of Management

No transactions were effectuated during the financial year with parties in which any of the Supervisory Board Members, Members of the Board of Management or their partners have an interest.

Supervisory Board	2021/2022	2020/2021
Roland Zoomers	38	38
Gert-Hein de Heer	26	26
Aukje Doornbos	26	26
Jorrit Klaus	26	26
Total	116	116

¹ Included for 10 months.

The Annual General Meeting of Shareholders determines the remuneration of the Supervisory Board Members. The fixed remuneration is intended to be in line with the market given the size of the company.

Holland Pigments BV

At the balance sheet date, the Dutch based investment company Holland Pigments BV held 434,644 (March 31, 2021: 434,054) shares in Holland Colours NV. Within Holland Pigments BV, employees collectively held approximately 25% of the shares of Holland Pigments BV.

The costs incurred by Holland Pigments BV in connection to activities relating to the employee participation are partly reimbursed by Holland Colours NV, please refer to page 70 for a further description of the activities of Holland Pigments. An amount of € 98 was accordingly paid to Holland Pigments BV in the 2020/2021 financial year (2020/2021: € 91).

At the balance sheet date, there was no outstanding material position with Holland Pigments BV. Receivables from and payables to Holland Pigments BV are not covered by commercial collateral, are non-interest-bearing and are settled in cash.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Other Disclosures

PROFIT-SHARING PLAN

Holland Colours Group operates a profit-sharing plan for its employees. The plan is the same for all Group employees and may, depending on the ROI and operating result of the division, result in a payment of up to 1.5 months' salary. Depending on the position of the individual employee, 25% to 75% of this payment is made in Holland Pigments BV shares, in recognition of the employee participation model. Settlement to the employees takes place after the financial statements have been adopted by the Annual General Meeting of Shareholders of Holland Colours. The applicable shares in Holland Pigments BV are purchased for the employee at the last calculated price of Holland Pigments BV shares. The remainder of the profit-sharing payment is paid in cash to the employees by Holland Colours NV after the relevant statutory deductions have been made.

A profit-sharing payment is applicable to the employees on the basis of the results in the 2021/2022 financial year.

The shares held by Holland Pigments BV in Holland Colours NV are specified below.

	2021/2022	2020/2021
Number of Shares in Holland Colours NV held by Holland Pigments BV		
Situation at April 1	434,054	434,048
Purchased by Holland Pigments BV	590	6
Situation at March 31	434,644	434,054
In euros		
Share Price of Holland Colours NV at Balance Sheet Date	156.50	124.00
Value	68,021,786	53,822,696

EMPLOYEE NUMBERS

During the 2021/2022 financial year, the company employed an average of 448 FTEs (2020/2021: 436 FTEs). Of these, 128 FTEs (2020/2021: 137 FTEs) were employed in the Netherlands.

SUBSEQUENT EVENTS

Per April 1, 2022, Gaypa Srl has sold their shares (12.1%) in PT Holco Indo Jaya to Holland Colours NV. The estimated purchase price (consideration) of EUR 420 was based on the net equity value of the company at balance sheet date. According to the Sales and Purchase Agreement, final settlement will be based on the statutory accounts of the company, which are expected end of June 2022. Given the timing and circumstances, the initial accounting for business combinations has not been completed. No material goodwill or bad will is expected from this acquisition.

Initial accounting for this business combination including purchase price allocation will take place in financial year 2022/2023.

After Gaypa Srl has transferred its share to Holland Colours NV, the Shareholder Composition of Holco Indo Jaya will be as follows:

- Holland Colours NV: 63.8%
- PT Holland Colours Asia: 36.2%



COMPANY

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

In thousands of euros	Note	April 1, 2021/March 31, 2022	April 1, 2020/March 31, 2021
Management Fees		9,639	7,130
Personnel Expenses	33	(3,524)	(2,859)
Amortization	35	(86)	(123)
Depreciation	36/37	(182)	(189)
Other Costs		(3,514)	(2,731)
Operating Result		2,333	1,228
Interest Income		65	93
Interest Expenses		(40)	(28)
Result before Tax		2,358	1,293
Income Tax	34	(553)	(360)
Result Subsidiaries	38	8,373	8,538
Net Result		10,178	9,471



COMPANY

BALANCE SHEET

AS OF MARCH 31, 2022

BEFORE PROPOSED PROFIT APPROPRIATION

In thousands of euros	Note	March 31, 2022	March 31, 2021
Non-Current Assets			
Intangible Assets	35	68	154
Property, Plant and Equipment	36	1,185	1,161
Right-of-Use Assets	37	223	271
Financial Non-Current Assets	38	57,692	49,834
		59,168	51,420
Current Assets			
Receivables from Group Companies		448	596
Other Receivables and Prepayments		172	188
Cash and Cash Equivalents		1,617	1,523
		2,237	2,307
Total Assets		61,405	53,727

In thousands of euros	Note	March 31, 2022	March 31, 2021
Equity			
Share Capital	39	1,953	1,953
Share Premium Reserve	39	1,219	1,219
Statutory Reserves	39	(18)	(1,633)
Retained Earnings	39	43,998	39,248
Result for the Year	39	10,178	9,471
Total Equity		57,330	50,258
Non-Current Liabilities			
Lease Liabilities	41	134	193
Employee Benefit Obligations	42	24	21
		158	214
Current Liabilities			
Payables to Group Companies		170	172
Lease Liabilities	41	118	147
Income Tax Liabilities		1,539	1,230
Other Liabilities and Accrued Income		2,090	1,706
		3,917	3,255
Total Equity and Liabilities		61,405	53,727

NOTES TO THE COMPANY FINANCIAL STATEMENTS

IN THOUSANDS OF EUROS, UNLESS STATED OTHERWISE

30. General Information

The company financial statements are part of the financial statements of Holland Colours NV and are prepared in accordance with the legal requirements of Title 9, Book 2 of the Dutch Civil Code. Holland Colours NV applies the same accounting policies to the company financial statements as those used in the consolidated financial statements. This is done under the possibility given in Article 2:362, paragraph 8 of the Dutch Civil Code to apply. The only exception relates to the accounting standards relating to participations in Group companies. Investments in consolidated subsidiaries are measured at net asset value.

The 2021/2022 company financial statements were presented to the Supervisory Board to be approved for publication on May 25, 2022. The financial statements will be presented to the Annual General Meeting of Shareholders for adoption on July 7, 2022.

31. Summary of Accounting Principles

The accounting policies used for the company financial statements are the same as those used for the consolidated financial statements. Unless other standards are stated, the reader is referred to the standards stated in the consolidated financial statements.

32. Subsidiaries

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries and other companies over which the company has a controlling interest or exercises central management are measured at net asset value. The net asset value is based on the measurement of assets, provisions and liabilities, and the determination of net profit in accordance with the accounting policies used in the consolidated financial statements.

33. Personnel Expenses

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Wages and Salaries	(3,115)	(2,536)
Social Security	(200)	(161)
Pension Costs	(209)	(162)
Total Personnel Expenses	(3,524)	(2,859)

The average number of employees in the company in this financial year was 19 FTEs (2020/2021: 15 FTEs). For an explanation of the remuneration of management, please refer to Note 28, Related Parties, of the consolidated financial statements.

34. Income Tax

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Current Tax		
Current Year	(594)	(511)
Prior Years	(72)	(14)
Deferred Tax	113	165
Total Income Tax	(553)	(360)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

35. Intangible Assets

	Development Costs	Other	Assets under Construction	Total
As at March 31, 2020				
Cost	1,922	93	28	2,043
Accumulated Amortization	(1,696)	(70)	-	(1,766)
Carrying Amount	226	23	28	277
Change in Asset Value				
Capital Expenditures	-	-	-	-
Carrying Amount of Disposed Assets	-	-	-	-
Amortization of Disposed Assets	-	-	-	-
Amortization	(107)	(16)	-	(123)
Balance	(107)	12	(28)	(123)
As at March 31, 2021				
Cost	1,922	121	-	2,043
Accumulated Amortization	(1,803)	(86)	-	(1,889)
Carrying Amount	119	35	-	154
Change in Asset Value				
Capital Expenditures	-	-	-	-
Transfer	-	-	-	-
Amortization	(71)	(15)	-	(86)
Balance	(71)	(15)	-	(86)
As at March 31, 2022				
Cost	1,922	121	-	2,043
Accumulated Amortization	(1,874)	(101)	-	(1,975)
Carrying Amount	48	20	-	68

The company's total expenses for research and development were € 1,542 in the financial year (2020/2021: € 1,734). Of this amount nil (2020/2021: nil) is capitalized, whereas the remainder is reported under Other Income and Expenses after Tax in the company financial statements.

The costs of Amortization and Impairments of € 86 (2020/2021: € 123) are included in the Amortization item in the company financial statements.

The Other Intangible Assets consist of the costs of computer software and licenses, and the external costs related to their implementation and commissioning.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

36. Property, Plant and Equipment

The costs of Depreciation and Impairments of € 50 (2020/2021: € 82) are included in the Depreciation item in the company financial statements.

	Land and Buildings	Machinery and Equipment	Other Capital Assets	Assets under Construction	Total
As at March 31, 2020					
Cost	3,102	206	269	32	3,609
Accumulated Depreciation	(2,024)	(130)	(213)	-	(2,367)
Carrying Amount	1,078	76	56	32	1,242
Change in Asset Value					
Capital Expenditures	-	-	-	1	1
Transfer Assets under Construction	32	-	-	(32)	-
Carrying Amount of Disposals	-	-	-	-	-
Transfer Cost between Categories	206	(206)	-	-	-
Transfer Accumulated Depreciation between Categories	(130)	130	-	-	-
Depreciation	(42)	-	(40)	-	(82)
Balance	66	(76)	(40)	(31)	(81)
As at March 31, 2021					
Cost	3,340	-	269	1	3,610
Accumulated Depreciation	(2,196)	-	(253)	-	(2,449)
Carrying Amount	1,144	-	16	1	1,161
Change in Asset Value					
Capital Expenditures	-	-	-	74	74
Transfer Assets under Construction	74	-	-	(74)	-
Depreciation	(44)	-	(6)	-	(50)
Balance	30	-	(6)	-	24
As at March 31, 2022					
Cost	3,414	-	269	1	3,684
Accumulated Depreciation	(2,240)	-	(259)	-	(2,499)
Carrying Amount	1,174	-	10	1	1,185



NOTES TO THE COMPANY FINANCIAL STATEMENTS

37. Right-of-Use Assets

The table below shows the movement of Right-of-Use Assets. These assets consist of capitalized lease contracts.

	Vehicles	Total
As at April 1, 2020	194	194
Change in Asset Value		
New Contracts	184	184
Depreciation	(107)	(107)
Balance	77	77
As at March 31, 2021		
Carrying Amount	271	271
Change in Asset Value		
New Contracts	83	83
Depreciation	(131)	(131)
Balance	(48)	(48)
As at March 31, 2022		
Carrying Amount	223	223

38. Financial Non-Current Assets

The Financial Non-Current Assets can be specified as follows:

	March 31, 2022	March 31, 2021
Investments in Subsidiaries	50,280	42,329
Loans to Group companies and Deferred Tax Assets	7,412	7,505
Financial Non-Current Assets	57,692	49,834

The table below shows movements in the investments in subsidiaries.

	April 1, 2021/ March 31, 2022	April 1, 2020/ March 31, 2021
Opening Balance	42,329	38,221
Movements:		
• Result from Subsidiaries	8,373	8,538
• Change in Equity	-	(8)
• Dividends Declared	(1,692)	(2,288)
• Currency Translations	1,270	(2,134)
Closing Balance	50,280	42,329

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Movements in the Loans to Group companies and Deferred Tax Assets are shown below.

	Deferred Tax Assets	Loans to Group companies	Total
As at March 31, 2020	740	-	740
Additions	75	6,950	7,025
Withdrawals	-	(260)	(260)
As at March 31, 2021	815	6,690	7,505
Additions	20	400	420
Withdrawals	(117)	(396)	(513)
As at March 31, 2022	718	6,694	7,412

39. Equity

For a clarification on the Share Capital and Share Premium, as well as the movement of the Foreign Currency Translation Reserve, Hedge Reserves and Other Reserves, please refer to the Statement of Equity and to Notes 19 and 20 of the consolidated balance sheet, as there are no differences between company Equity and consolidated Equity.

PROPOSAL FOR THE APPROPRIATION OF PROFIT

In compliance with Article 21 of the Articles of Association and the Dividend Policy as discussed in the Annual General Meeting of Shareholders of last year and set out on page 75 under Investor Relations, it is proposed to appropriate the total net profit to the other reserves. The proposal for appropriation of profit has not been included in the balance sheet.

40. Credit Facility

The company has an available credit facility in the Netherlands of € 7,000 (March 31, 2021: € 7,000). Per end of March 2022, the company has not used this credit facility and no collaterals have been provided.

41. Lease Liabilities

The company recognized Lease Liabilities on the balance sheet. The table below shows the movement and breakdown of Non-Current and Current Lease Liabilities.

	April 1, 2021 March 31, 2022	April 1, 2020/ March 31, 2021
Opening Balance	340	199
Lease Payments	(171)	(43)
New Contracts	83	184
Closing Balance	252	340

	April 1, 2021 March 31, 2022	April 1, 2020/ March 31, 2021
Non-Current Lease Liabilities	134	193
Current Lease Liabilities	118	147
Total	252	340

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Maturity analysis – contractual undiscounted cashflows:

	March 31, 2022	March 31, 2021
Less than 1 year	122	19
Between 1 and 5 years	140	330
Longer than 5 years	-	-
Total	262	349

42. Employee Benefit Obligations

This employee benefit provision relates to the obligation to issue a conditional annual payment.

The liabilities regarding employee benefits also include the item Other Employee Benefits. This relates to a provision for future jubilee payments of € 11 (March 31, 2021: € 12).

Movements in the Employee Benefit Obligations were as follows:

	Pre-pension Plan the Netherlands	Other Employee Benefits	Total
As at March 31, 2020	73	7	80
Additions	-	9	9
Withdrawals	(43)	(4)	(47)
As at March 31, 2021	30	12	42
Additions	14	5	19
Withdrawals	(11)	(6)	(17)
As at March 31, 2022	33	11	44

The following amounts have been accounted for as current under Other Liabilities and Accrued Income:

	Pre-pension Plan the Netherlands	Other Employee Benefits	Total
As at March 31, 2022	19	5	24
As at March 31, 2021	16	5	21

43. Audit Fees

The fees listed below relate to the procedures applied to the company and its consolidated group entities by the independent auditor, PricewaterhouseCoopers, as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') foreign-based netwerk firms, including their tax services and advisory groups.

	2021/2022	2020/2021
Audit of the Financial Statements	416	292
Other Audit Services	-	-
Tax Services	-	-
Other Non-Audit Services	-	-
Audit Fees	416	292

The total costs of PricewaterhouseCoopers Accountants NV for their procedures in the Netherlands amount to € 271 (previous year: € 208). The remaining € 145 (previous year: € 84) were charged to the company by other PwC network entities.



NOTES TO THE COMPANY FINANCIAL STATEMENTS

44. Other Disclosures

WRITTEN GUARANTEE

Holland Colours NV has given a guarantee for its subsidiary Holland Colours Europe BV in accordance with Section 403, Title 9, Book 2 of the Dutch Civil Code, and according to Section 479A of the Companies Act on behalf of its subsidiary Holland Colours UK Ltd.

Holland Colours NV has not issued any other written guarantee as security for the payment obligations of foreign companies.

FISCAL UNITY

The company forms a tax unity together with Holland Colours Europe BV with regard to income tax and sales tax. Both the company and its subsidiary are jointly and severally liable for tax payable by all companies that are part of the tax entity.

SUBSEQUENT EVENTS

Per April 1, 2022, Gaypa Srl has sold their shares (12.1%) in PT Holco Indo Jaya to Holland Colours NV. The estimated purchase price (consideration) of € 420 was based on the net equity value of the company at balance sheet date. According to the Sales and Purchase Agreement, final settlement will be based on the statutory accounts of the company, which are expected in end of June 2022. Given the timing and circumstances, the initial accounting for business combinations has not been completed. No material goodwill or bad will is expected from this acquisition.

Initial accounting for this business combination including purchase price allocation will take place in financial year 2022/2023.

After Gaypa Srl has transferred its share to Holland Colours NV, the Shareholder Composition of Holco Indo Jaya will be as follows:

- Holland Colours NV: 63.8 %
- PT Holland Colours Asia: 36.2 %

Apeldoorn, May 25, 2022

Board of Management

Coen Vinke

Eelco van Hamersveld

Supervisory Board

Roland Zoomers

Gert-Hein de Heer

Aukje Doornbos

Jorrit Klaus



OTHER INFORMATION

Statutory Provisions regarding the Appropriation of Profits

REGARDING THE APPROPRIATION OF PROFITS, THE ARTICLES OF ASSOCIATION STATE THE FOLLOWING:

Article 21

From the profit established in the approved financial statements, reserves are formed as determined by the Board of Management with the approval of the Supervisory Board.

The profit remaining after the transfer to the reserves and distribution as stated in paragraph 1 is at the disposal of the Annual General Meeting of Shareholders, with due regard to the provisions of Section 105, Book 2 of the Dutch Civil Code.

The Board of Management, with the approval of the Supervisory Board, is authorized to decide on the distribution of an interim dividend with due regard to the provisions of Article 105 Book 2 of the Dutch Civil Code. The dividend will be made payable within one month after it has been set, in the manner and at the place determined by the Board of Management. Claims for profit distribution expire after a period of five years from the date on which the dividends were made payable.

A resolution regarding the disposal of any reserve may be adopted by the Annual General Meeting of Shareholders with due regard to the legal and statutory provisions.

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Independent Auditor's Report

To: the general meeting and the supervisory board of Holland Colours N.V.

REPORT ON THE FINANCIAL STATEMENTS 2021/2022

Our opinion

In our opinion:

- the consolidated financial statements of Holland Colours N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 March 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Holland Colours N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 March 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021/2022 of Holland Colours N.V., Apeldoorn. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at March 31, 2022;
- the following statements for financial year ended March 31, 2022: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement; and
- the notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at March 31, 2022;
- the company income statement for the financial year ended March 31, 2022;
- the notes to the company financial statements, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of Holland Colours N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures in the context of our audit of the financial statements as a whole. Our comments and observations regarding individual key audit matters, our audit approach regarding fraud risks and our audit approach regarding going concern should be read in this context and not as a separate opinion or conclusion on these matters.

Overview and context

Holland Colours N.V. manufactures, distributes, and sells solid and liquid colour and additive concentrates. The Group is comprised of several components and we considered the scope and approach of our audit as set out

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in the section 'The scope of our Group audit.' We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of Management made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition climate-related risks.

In note 3 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the estimation uncertainty, magnitude and the related inherent risks of material misstatement in the valuation of inventory, we considered this to be a key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified revenue recognition as a key audit matter because of the various price agreements and terms and conditions for delivery of the product to customers.

Holland Colours N.V. assessed the possible effects of climate change on its financial position, refer to annual report section 'Corporate Social Responsibility' (page 65-73) and 'Risk Management' (page 39). We discussed Holland Colours N.V.'s assessment and governance thereof with the Board of Management and evaluated the potential impact

on the financial position including underlying assumptions and estimates.

Management also assessed the impact of the armed conflict in Ukraine on its financial position. In the report of the Board of Management, management reflects on the risks and continues to monitor sanctions and the impact on the business. We discussed Holland Colours N.V.'s assessment, including underlying assumptions and estimates, with management and evaluated the potential impact on the financial position. The possible impact of sanctions is not considered to impact the key audit matters in 2021/2022.

We ensured that the audit teams at both Group and component level included the appropriate skills and competences that are needed for the audit of an international manufacturing company. To increase the quality of the audit, we also included IT specialists in our team, who, working centrally, performed specified audit procedures on IT and reported the findings to the component teams.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: € 1,000,000

Audit scope

- The Group consists of three significant components: Holland Colours Europe B.V., Holland Colours Americas Inc, and PT Holland Colours Asia in Indonesia, and six other non-significant components.
- At the head office in Apeldoorn, the Netherlands, the PwC group engagement team audited Holland Colours N.V. and Holland Colours Europe B.V., and instructed the component auditors in Indonesia and the USA to perform an audit on the complete set of financial information.
- The PwC group engagement team instructed the component auditor in Hungary to perform specified audit procedures for group purposes. This consisted of attending inventory counts in Hungary.
- Audit coverage: 90% of consolidated revenue, 92% of consolidated total assets and 90% of consolidated profit before income tax.

Key audit matters

- Revenue recognition
- Assumptions in the valuation of inventory

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Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section ‘Our responsibilities for the audit of the financial statements’.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€ 1,000,000 (2020/2021: € 800,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 0.9% of net revenue from continuing operations rounded to € 1,000,000.
Rationale for benchmark applied	We used revenue as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. From a stakeholder’s perspective, the long-term horizon and sustainable growth are reflected through the consideration of revenue. The Group has a strategic focus on extending global market positions and the focus on revenue therefore makes revenue in itself an important metric for the financial performance of the Group.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope. The materiality allocated to the components is lower than our overall Group materiality. The range of materiality allocated across components was between € 480,000 and € 999,000.

We also take misstatements and/or possible misstatements into account which, in our judgement, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them any misstatement identified during our audit above € 50,000 (2020/2021: € 40,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our Group audit

Holland Colours N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Holland Colours N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of



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operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall Group audit strategy and plan, we determined the type of work required to be performed at component level by the Group engagement team and by each component auditor.

The audit primarily focused on the significant components of the Group: Holland Colours N.V. (company only), Holland Colours Europe B.V., Holland Colours Americas Inc., and PT Holland Colours Asia. Due to their significance within the Group, an audit of the complete set of financial information was performed on these components.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	90%
Total assets	92%
Profit before tax	90%

For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The Group engagement team performed the audit work for Group entities Holland Colours N.V. and Holland Colours Europe B.V. For the components Holland Colours Americas Inc. and PT Holland Colours Asia, as well as for the stock count procedures relating to the inventory of Holland Colours Europe B.V. in Hungary, we used component auditors from the PwC network. These auditors are familiar with the local laws and regulations required to perform this audit work.

Where component auditors performed the audit, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included, amongst others, our risk analysis, materiality, and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied, and our global audit approach. We held individual calls with each of the in-scope component audit teams both during the year and upon conclusion of their work. During these calls, we discussed any significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters that could be of relevance for the consolidated financial statements.

The Group engagement team performed the audit work on the consolidation, financial statement preparation (including disclosures) and a number of more complex items. These included lease accounting and the going concern analysis. The group engagement team held virtual meetings with the component audit teams instead of physical visits due to COVID-19 related travel restrictions. For these virtual meetings more time was taken and we remotely reviewed selected working papers of the respective component auditors and sufficient involvement was achieved. The group engagement team perform the audit for the entities Holland Colours N.V. and Holland Colours Europe B.V. on site and held regular meetings with Group management.

By performing the procedures outlined above at the components, combined with additional procedures exercised at Group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Group and its environment and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system and how the Supervisory Board



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exercised oversight. We refer to section 'Risk Management' in the report of the Board of Management for management's fraud risk assessment and section 'Audit Committee' of the Supervisory Board report in which the Supervisory Board reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the code of conduct, whistleblower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks and noted further enhancement and formalisation of controls and procedures in the financial year to a more mature level appropriate for the international footprint and size of the Group. We reported our observations to the Board of Management and the persons charged with governance.

During the financial year the Board of Management was informed by the local management in Indonesia of PT Holland Colours Asia about irregular commission payments to employees of customers. We refer to the section 'Risk related events 2021/2022' in paragraph 'Risk management' section in the report of the Board of Management and the 'Audit Committee' section in the report of the Supervisory Board. Furthermore, we refer to fraud risk 3 below for our audit work and observations regarding this specific fraud risk. As part of our process of identifying fraud risks, we, in close co-operation with our forensic specialists, evaluated fraud risk factors and specific fraud risks identified with respect to financial

reporting on fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:



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Identified fraud risks	Our audit work and observations
<p>Fraud risk 1 Management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>That is why, in all our audits, we pay attention to the risk of management override of controls and in this context, we paid attention to:</p> <ul style="list-style-type: none"> • The appropriateness of journal entries and other adjustments made in the preparation of the financial statements. • Potential biases in estimates. • Significant transactions, if any, outside the normal course of business. 	<p>We evaluated the design of the internal control measures mitigating the risk of management override of controls and assessed the internal controls in the processes of generating journal entries, making significant estimates and booking of revenue. We also paid specific attention that access safeguards in the IT system supports segregation of duties. We assessed whether deficiencies in controls may create opportunities for fraud.</p> <p>We performed journal entry testing procedures based on the following criteria: unexpected account combinations which increases revenue or decreases costs and unexpected users. With respect to journal entries, we also tested transactions outside of the ordinary course of business. In addition, we tested manual consolidation adjustments. With regard to management’s accounting estimates, we evaluated key estimates and judgements for bias, including retrospective reviews of prior year’s estimates. We performed substantive audit procedures for significant estimates such as valuation of inventory as well as for non-significant estimates.</p> <p>We incorporated elements of unpredictability in our audit. We performed procedures related to agents for the non-significant component Mexico.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud except for the matter described under fraud risk 3.</p>



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Identified fraud risks	Our audit work and observations
<p>Fraud risk 2 The risk of fraudulent financial reporting due to overstating revenue</p> <p>Given the listed status of Holland Colours N.V., its objective is to meet certain market and shareholder expectations, management bonuses and financial targets for management and based on a presumption that there are risks of fraud in revenue recognition, revenue recognition was subject to the risk of a material misstatement due to fraud.</p> <p>Above matters could lead to pressure on management to overstate revenue by recognising fictitious revenue transactions, affecting the assertion existence/occurrence.</p>	<p>In addition to the audit procedures and observations mentioned at the key audit matter 'Revenue recognition' we performed the following procedures on the risk of overstating revenue by recognising fictitious revenue transactions, affecting the assertion existence/occurrence:</p> <ul style="list-style-type: none">• We evaluated the design and implementation of the internal control system in the processes related to revenue reporting.• We selected journal entries and consolidation entries based on risk criteria and performed substantive audit procedures in which we also paid attention to significant transactions outside the normal course of business.• No such transactions were identified.• We performed audit procedures on credit invoices after year end and on credit invoices during 2021/2022.• We performed substantive audit procedures to establish the accuracy of revenue accounting. This involved reconciling a sample of invoices to order confirmations and/or any discount agreements, shipping documents, and bank receipts.• For our work on the existence/occurrence of revenue transactions we leveraged upon the related work performed for account receivable, such as the work on confirmations obtained from debtors. <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence/occurrence of the revenue reported.</p>



OTHER INFORMATION

Identified fraud risks

Fraud risk 3

The risk of bribery and corruption

During 2021, the Company received indications that improper payments were made to employees of customers in Indonesia.

As a response, the Company instructed external legal counsel to conduct an investigation and report on this matter.

Based on the outcome of the investigation the Company prepared a remediation plan.

Our audit work and observations

Together with our forensic specialists we have evaluated the investigation with a focus on:

- the scope of the investigation;
- the expertise and objectivity of the external legal counsel;
- the results and conclusion of the investigation;
- the remediation actions and plans; and
- assessing the impact on the financial statements.

We, in conjunction with the component auditor in Indonesia, performed specific audit procedures on the accuracy and completeness of the data used in the investigation.

We have evaluated management's assessment of whether similar payments have occurred in other divisions and components within the Group.

The Company has disclosed the results of the investigation in section 'Risk related events 2021/2022' in paragraph 'Risk management' section in the report of the Board of Managementboard of management and the 'Audit Committee' section in the report of the Supervisory Board.

We have obtained sufficient appropriate audit evidence that the Company responded appropriately to the signals of improper payments including remedial actions.



OTHER INFORMATION

During the audit we remained alert to other indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identified any indications of fraud, we re-evaluated our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

The Board of Management prepared the financial statements on the assumption that the entity is a going concern and that it will continue its operations for the foreseeable future. Our procedures to evaluate management's going concern assessment include, amongst others:

- Considering whether management's going concern assessment includes all relevant information of which we are aware as a result of our audit and considering whether management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks);
- Evaluating the Company's existing on-balance and off-balance obligations;
- Evaluating management's current budget including cash flows in comparison with last year; and
- Performing inquiries of management as to their knowledge of going concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgments used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context. We have determined the matters described below to be the key audit matters to be communicated in our report.



OTHER INFORMATION

Key audit matter	Our audit work and observations
<p>Revenue recognition <i>The accounting principles for revenue recognition are included in “Summary of accounting principles” (note 3) in the financial statements.</i></p> <p>Revenue is recognised when a performance obligation is satisfied by transferring control over a promised good or service. A contract with a customer generally has one performance obligation, which is satisfied at a certain point in time.</p> <p>The Group applies price agreements per customer and various terms and conditions for delivery of its products to customers. Given the variety in terms and conditions for delivery, determining the timing of transfer of control of the promised goods is inherently complex and due to the magnitude, the number of transactions and the client specific price agreements, this could potentially lead to materially misstated revenue. Based on the above considerations we considered this area to be a key audit matter.</p>	<p>We updated our understanding of the Group’s revenue recognition policies and where relevant to our audit, we assessed the design and effectiveness of the internal control measures related to revenue reporting and in the processes for generating and processing journal entries related to the revenue.</p> <p>We evaluated the design and tested the operating effectiveness of the control activities on the exception report to ensure the accuracy and existence of revenue recognition. In this exception report, created by the Group, deviations between order prices and invoiced prices and shipped quantities and invoiced quantities were identified, explained, and followed up.</p> <p>We obtained the exception report and, together with IT specialists, assessed the reliability of the report by reconciling the exception report to the financial administration. We reperformed the analysis and evaluated the outcome and the follow-up by the Group.</p> <p>Furthermore, we performed substantive audit procedures to establish the accuracy of revenue accounting. This involved reconciling a sample of invoices to order confirmations and/or any discount agreements, shipping documents, and bank receipts.</p> <p>With respect to the cut-off, we obtained the Group’s revenue recognition analysis. We then tested the mathematical accuracy and the reliability of the underlying data by reconciling the analysis to the invoiced revenue in the last period, and the revenue adjustment to the journal entry recorded. In addition, we tested a sample of the sales transactions in the period immediately before and after the Company’s year end. We did this by tracing the information related to the date of transfer of control to shipping documents and client specific contractual terms and conditions.</p> <p>The audit procedures were performed by the Group engagement team or by the component teams in Indonesia and the USA.</p> <p>Our procedures did not indicate material findings.</p>



Key audit matter

Assumptions in the valuation of inventory

The Board of Management's assumptions are included in note 16 of the financial statements

With a value of € 20,6 million (2020/2021: € 12,6 million), inventory is one of the significant assets of the Group. Due to its nature, it is subject to market developments that require management judgement. This management judgement especially relates to the valuation of raw materials that are subject to obsolescence due to changing recipes, and to finished goods that are produced for specific clients (including the surcharge for overhead). At year end, this is reflected in the valuation against the net realisable value, through recognition of an inventory allowance of € 1 million.

Marking products as (partly) obsolescent is based on an inventory report and the assessment whether inventory will be sold, which requires management's judgement. Inaccurate pricing and/or obsolescence assessment may, given the significant balance of inventory, result in the inventory being materially misstated. Therefore, we considered this to be a key audit matter.

Our audit work and observations

As part of our risk assessment procedures, we performed look-back procedures to assess the quality of management estimates. This involved comparing the actual write-offs in the current financial year to the inventory allowance in previous years' financial statements.

We also performed substantive audit procedures on the calculation of the standard cost prices against which the inventory is initially valued. This included testing a sample of components in the standard cost price of finished goods by reconciling the raw material component to purchase invoices. In addition, we tested the surcharge for overhead by performing analytical procedures. Here, we compared our expectation with the actual surcharge for overhead included in the inventory valuation as of 31 March 2022. Furthermore, we performed an overall analysis of price- and efficiency variances recorded during the year to test the accuracy of the costing method used for finished goods.

We tested the reliability of the inventory ageing report together with IT specialists. This report is used by management to assess the ageing of the inventory.

We challenged the Group's assumptions related to the valuation per ageing category based on actual write-offs and the actual developments in inventory ageing. We reviewed revenue on product level for negative margins, which could indicate a lower market value, and discussed developments in the product portfolio and pricing.

Our procedures did not indicate material findings with respect to estimates and judgements in the valuation of inventory.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with

Part 9 of Book 2 of the Dutch Civil Code. The Board of Management and the Supervisory Board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

Our appointment

We were appointed as auditors of Holland Colours N.V. on 10 July 2014 by the Supervisory Board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 10 July 2014. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of 8 years.

European Single Electronic Format (ESEF)

Holland Colours N.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by Holland Colours N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

The Board of Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the Board of Management combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package is in accordance with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (Royal Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether these are in accordance with the RTS on ESEF.



No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

In addition to the audit, we have provided no services to the Company or its controlled entities for the period to which our statutory audit relates.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Board of Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going-concern basis of accounting unless the Board of Management either intends to

liquidate the Company or to cease operations or has no realistic alternative but to do so. The Board of Management should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 25 May 2022

PricewaterhouseCoopers Accountants N.V.

Original signed by W.F.J. Vermeulen RA

Appendix to our auditor's report on the financial statements 2021/2022 of Holland Colours N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

THE AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Concluding on the appropriateness of the Board of Management's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the Group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the

geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.



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