



COLORING YOUR SUCCESS

ANNUAL REPORT 2019/2020



WE ARE HOLLAND COLOURS

"At Holland Colours, every employee is a co-owner and owners know that the first step to success begins with adding value for our customers."

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INTRODUCTION BY THE CEO

Dear shareholders, employees, customers and business partners,

I would like to quote two important lines from our mission statement: 'to be recognized as a contributor to the development of a sustainable industry' and 'to be our customers'co-designer of color and functional solutions'.

Our mission drives business development and provides a shared understanding of our purpose. The two objectives quoted above motivate us to set ourselves apart from other colorant suppliers: we strive for excellence in selected markets and want to be special to those customers that fit us best in terms of future orientation and responsibility.

The year 2019/2020 has been a good year for our company: not only did we complete most of our overall objectives, revenue growth exceeded 10%, the innovation index ended at 14.6%, ROS was 10.6% and ROI stood at 27.0%.

All three strategic segments and all three divisions contributed to the improved results. We managed to continue the positive trend of the first half year into the second half, albeit at a slower pace. Revenue growth was primarily a result of onboarding new customers and co-development projects with existing customers and/or distribution partners. Market prices of raw materials stabilized in the second half, but remained at an historically high level throughout the year. To protect relative margins, we were forced to raise selling prices for various products. Operating costs were higher but they increased in line with our growth and overall plans. Both operational profit and net profit improved significantly.

The execution program of our strategy is called 'Growing Together 2023'. We made good progress on most of our strategic initiatives while focusing on specific product/market combinations. At the K-Messe exhibition in Dusseldorf in October, we launched our extended range of additives, for which we received a very positive response from the market. Within the organization, we put a lot of effort into our program of continuous improvement of internal processes. In line with our strategic goals, we completed an important extrusion project in Richmond, Indiana in the United States and in Apeldoorn, the Netherlands, we modernized our grinding technology and also invested in workplace-related safety.

The positive messages above have unfortunately been overshadowed by the distress related to the COVID-19 pandemic. We recognized the health risks and a looming global crisis in its early stages, when our export business to China was suddenly interrupted in early 2020. We put the safety of our employees and their loved ones first and started to take organizational measures in February. It was also necessary to ensure that our operations kept running and to secure supply to our customers. The response of our employees at all sites across all countries was very professional. We are proud that everybody adapted to the changes so quickly; a clear sign that our core values are not just words but above all provide guidance during difficult times. The financial results for the year 2019/2020 were barely impacted by COVID-19. For the year 2020/2021 we continue to consider various market scenarios, but we prefer to take a cautious approach and maintain a conservative financing structure. As such, we want to safeguard our continuity as an independent supplier of colorants and additive solutions. Due to the high level of uncertainty related to

the COVID-19 crisis and the expected economic downturn we want to remain a strong financial structure for the company. Therefore it is proposed to appropriate the total net profit to the reserves and not to pay any dividend.

Finally, I would like to thank all of our employees and stakeholders for their efforts and interest in the success of Holland Colours.

Coen Vinke
CEO





OUR HISTORY

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 predicate ‘pioneers’.

The founding of current locations:

1979

Apeldoorn,
the Netherlands

Richmond,
Indiana,
United States



Toronto,
Canada



Gillingham, United Kingdom



Surabaya, Indonesia



1988

1986

1990

OUR BRANDS

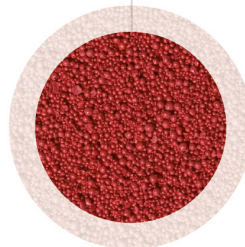
Even today, our first product line, Holcobatch[®], remains unique, delivering high-quality coloring performance for a wide range of polymers. Over the last 40 years, other breakthrough products were introduced for the Packaging, Building & Construction and Coatings, Sealants & Adhesives markets. Our range of products contains both solid and liquid coloring systems.

Our bestsellers include:



Holcobatch[®]

The flagship product Holcobatch[®] is created and sold into the plastics industry.



Holcolex

A range of universal water-based colorants is developed to meet the coatings industry environmental challenges.



Holcoplast

A range of maximum loaded, fully dispersed plasticizer pigment pastes is introduced to create flexible, permanently plasticized solid products.





Szolnok,
Hungary



Tultitlán,
Mexico

1992

1995

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



Holland Colours

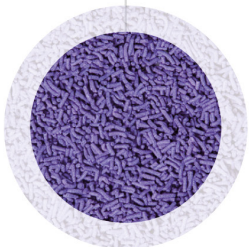
Canada
Indonesia
(Surabaya and Jakarta)
Hungary
Mexico
Netherlands
United Kingdom
United States

2000



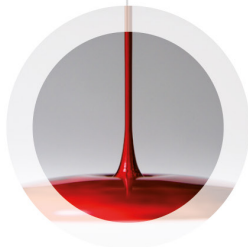
Holcoprill

Seeing a need for a more concentrated product, Holcoprill is invented and sold.



Holcosil

Expanding into the sealants and adhesives market, Holcosil is created and released.



2007



Holcomer

Anticipating the switch of carton to PET packaging in the dairy industry, a breakthrough in light barrier technology is launched.



2015



Holcolac

An optimized solution for industrial tinting is released.

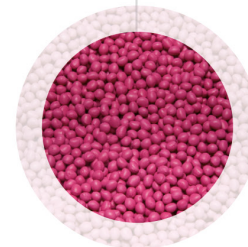


2017



Holcoperl®

Expanding into the HDPE market for personal care, Holcoperl® lines are created for both HDPE and PET.



2019

Meeting the growing demand for functional and recyclable additives, by broadening the offering:

TasteGuard: To protect the taste of water in PET bottles.

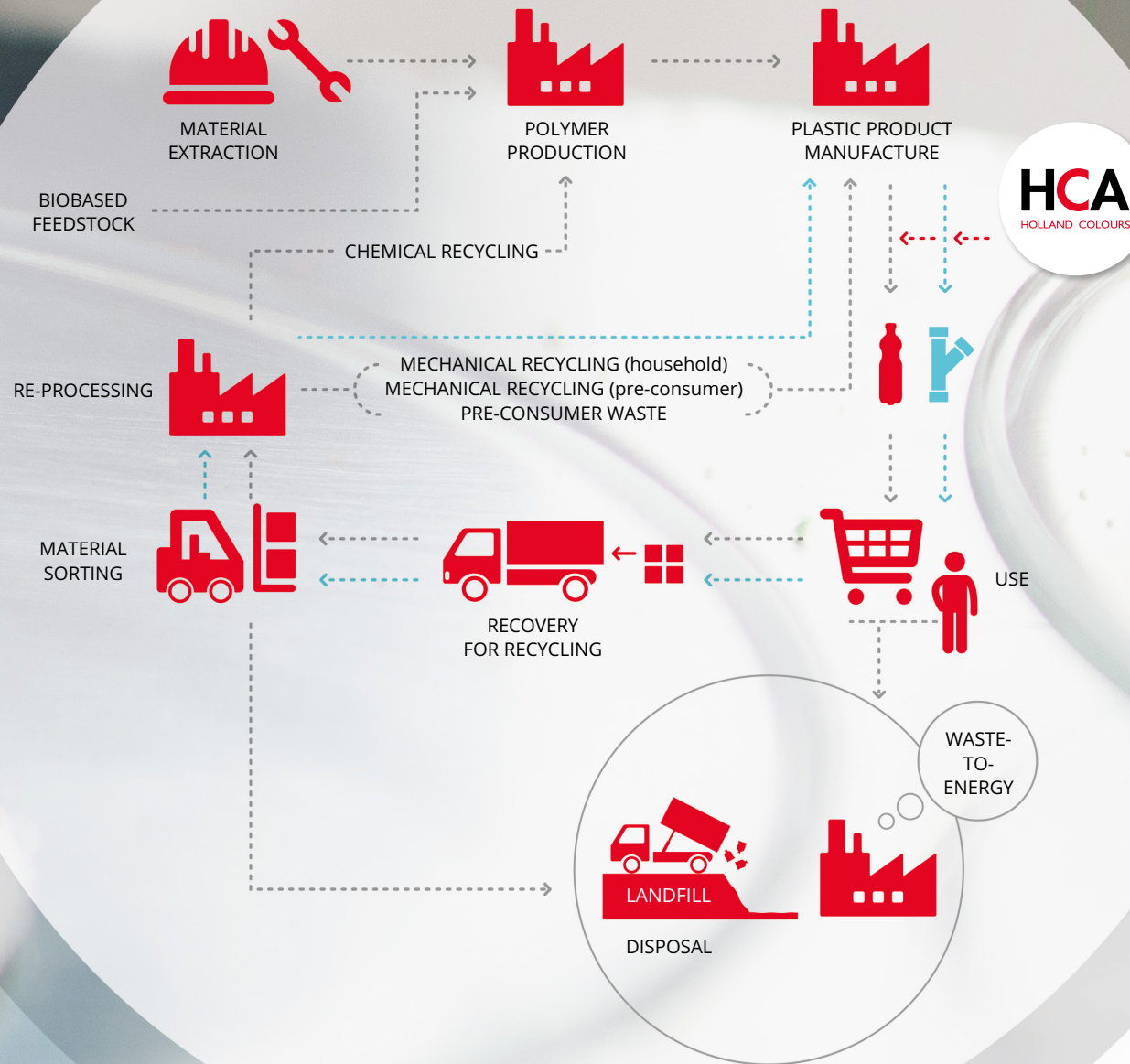
LightGuard: To add UV protection to PET bottles.

FastHeat: To reduce heating time and energy needed during bottle blowing.

Sort: To enable recycling of cPET trays under current sorting technology.

OUR ROLE

We have been the frontrunners in eco-friendly colorants since our founding in 1979, back when sustainability and being 'green' were not on most people's minds. We created and will continue to develop sustainable products in partnership with our customers.





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



OUR MISSION

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







OUR DIFFERENTIATORS



We develop existing and new customer relationships into **design partnerships**;



We do not compromise on regulatory compliance and we maintain the highest **quality** standards;



We continuously build our **competence** and strengthen our **innovation** capabilities;

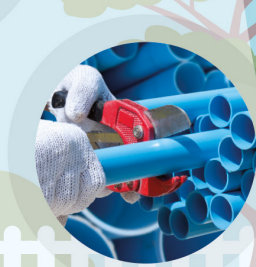


Our employees are co-owners of the company and we are proud to provide the highest levels of **service to our customers**.

THE BENEFITS OF PLASTIC...

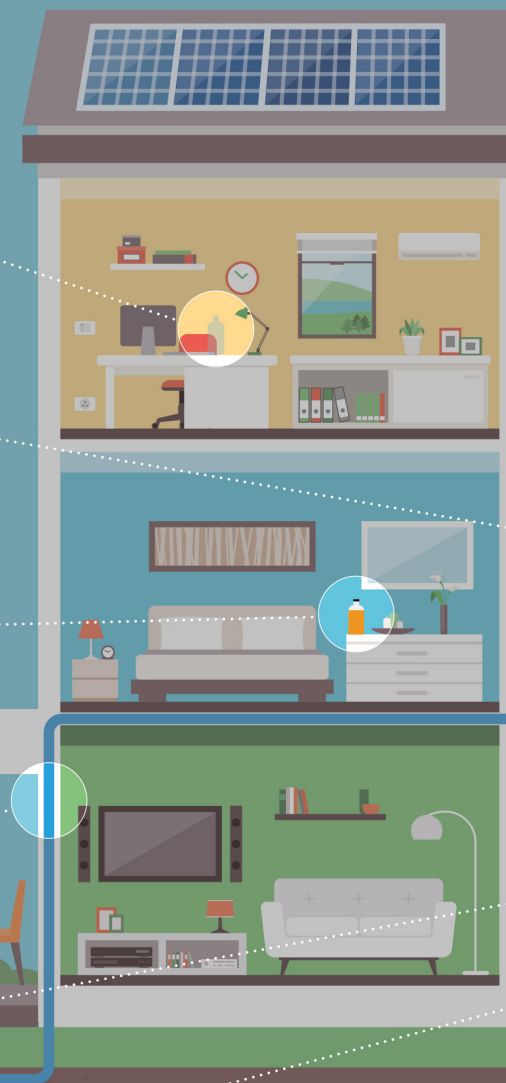
Strong, lightweight and moldable, plastics are used in thousands of products that add comfort, convenience, and safety to our everyday lives. Plastic is valuable in preventing food waste with excellent sealing and durability and is widely used in place of wood by the ecological building & construction industry.

OUR ADDITIVES AND FUNCTIONAL COLORS



HOW WE ADD COLOR AND FUNCTIONALITY TO THE WORLD...

Colors impact our psychology, behavior and emotions. Adding color to plastic brings color to our lives. It helps create a product's image and plays a role in identification. Together with our customers, we co-design sustainable colorants and additives that are efficient, effective and esthetic.



OUR ESTHETIC COLORS



REPORT OF THE BOARD OF MANAGEMENT

Introduction

The year 2019/2020 has been a good year for our company. We have achieved almost all of our overall objectives and we saw the initial results of our strategy of revenue growth and internal improvements. The trend of the first half was continued into the second half of the year, albeit at a slower pace. The effects of the COVID-19 pandemic only had a minor impact on the results for 2019/2020.

In this section of the Annual Report, we will inform you about the impact of COVID-19, progress on the implementation of our strategy, Holland Colours' performance versus our strategic targets, and offer an in-depth look into the financial figures for the 2019/2020 financial year compared to the previous year.

COVID-19

The first signs of the global COVID-19 pandemic became apparent in China late 2019. We realized that this could become a threat to our business when, in early 2020, export orders to China were postponed until further notice. Since then, the virus has spread globally with an unimaginable pace and impact.

We were relatively early in introducing precautionary measures: we announced global travel restrictions in mid-February, and by the first week of March we had set up a global crisis team. The health of our employees and their loved ones is paramount. We took all necessary actions to ensure our operations would continue running and to secure supply to our customers. The

measures we took in each division (Europe, Americas and Asia) are largely comparable. Also all our companies are following the instructions of their national authorities closely. Management implemented remote working policies for a large number of employees and since then the essential workers that remain on the job maintain distance from one another and work in different shifts. Furthermore, we ensured the availability and supply of raw materials as much as possible. Since early March we have stayed in close contact with our suppliers, continuously monitored and analyzed changes in availability, and have done our utmost to secure continuity of all operations. It is difficult to anticipate and understand external events that may have an impact on the business. We will share our views and provide more information in the Outlook section of this Annual Report and the Notes to the Consolidated Financial Statements.

Strategic Update

During spring last year we presented the outcome of our 'Spectrum 2023' strategy project, a review of Holland Colours' market positions. The main conclusions were that plastic will remain an important material for many different applications and that Holland Colours is well positioned for the future.

The implementation program of the strategy was named 'Growing Together 2023' and consists of various clearly defined initiatives related to business growth and internal improvement. In November 2019 the Board of Management convened with staff and the Management Teams of the Divisions to review progress of the strategy during its first year.

We have been successful with our planned organic growth of most of our existing business in all three divisions (Europe, Americas and Asia) and all three main segments (Packaging, Building & Construction and Coatings, Sealants & Adhesives). We have made progress with our growth programs in UHT dairy

BOARD OF MANAGEMENT



Eelco van Hamersveld

Position	CTO
Year of birth	1969
Nationality	Dutch
Joined Holland Colours NV	December 1, 2017
Appointment to position	July 12, 2018



Coen Vinke

Position	CEO
Year of birth	1963
Nationality	Dutch
Joined Holland Colours NV	May 1, 2018
Appointment to position	July 12, 2018

Since the departure of the CFO on December 31, the Board of Management consists of two members. The CFO position has been filled on an ad interim – non-statutory – basis since January 2020. Tanja van Dinteren has joined Holland Colours as the new CFO on June 1, 2020. She will be officially nominated at the Annual General Meeting of Shareholders on July 16, 2020. The Board of Management will once again consist of three members as of that date.

Please refer to page 92 for an overview of the company's organizational structure and to www.hollandcolours.com for more information on the members of the Board of Management.

and Additives by extending our range of successful products. Coatings Europe has significantly expanded its customer base. Other specific growth initiatives are in their starting phase. Internally, we took some important steps forward with our 'Excellence Programs': Commercial Excellence, Innovation Excellence, People Excellence and Operational Excellence.

In 2019 we celebrated the startup of a new extrusion line in Surabaya, Indonesia, and in early 2020 a new installation was commissioned in Richmond, Indiana in the USA. The European division has invested in new grinding technology for our range of liquid products in Apeldoorn and started a project to optimize and expand its extrusion activities. Various alternatives are currently being investigated. In Hungary we approved an investment related to infrastructure improvements of our site in Szolnok. The works will be completed by July 2020. Globally we also successfully hired new, and promoted existing, talent into new positions to support the implementation of the strategy.

However, due to COVID-19 we will be facing some delays with 'Growing Together 2023'. Because of the current uncertain environment, we have taken mitigation measures that will influence the speed and impact of our strategic initiatives. For the time being we will not hire any new personnel, external consultancy will be reduced substantially, and any new investments will not be approved unless they are important for the continuity of the business. Existing work on preparation, execution planning and implementation of certain strategic initiatives has slowed down due to restrictions on travel and expenditures. Hence international business and customer acquisition will become substantially more difficult, since we are specialized in customer specific solutions. Technology and Product Development that solely rely upon internal resources will continue in

anticipation of a normalization of the situation. The start of an upgrade of our IT landscape will be subject to clear priorities, and some workflows will be delayed as a result.

Our strategy will not be changed. We are very confident that we are on the right track. There will be delays, and as the situation evolves over time we will review the time lines of our strategic goals and objectives.

STRATEGY 2023

Our strategic goals

- Protecting and extending global market positions in Packaging;
- Protecting and extending global market positions in Building and Construction;
- Extending market positions in Coatings and Sealants, primarily in EMEA.

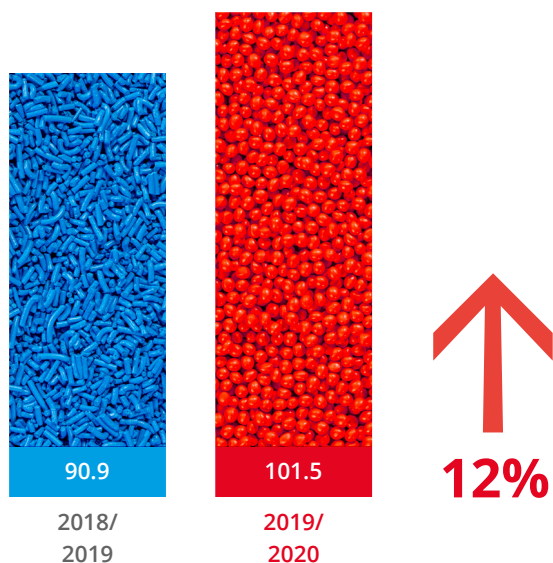
Our overall objectives

- Zero safety incidents;
- 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%.

KEY FIGURES

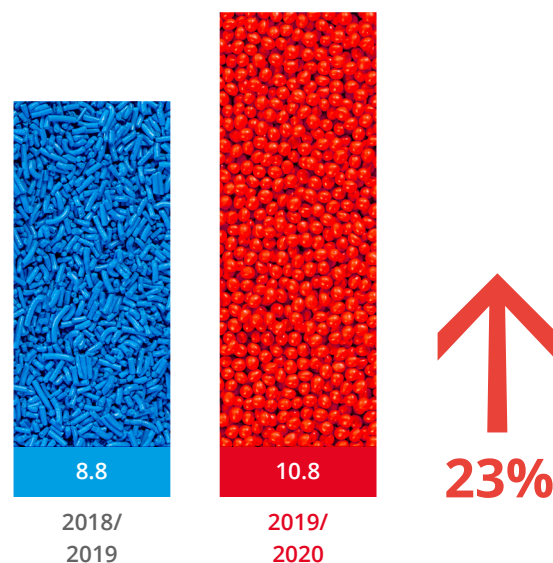
Revenue

In million euros



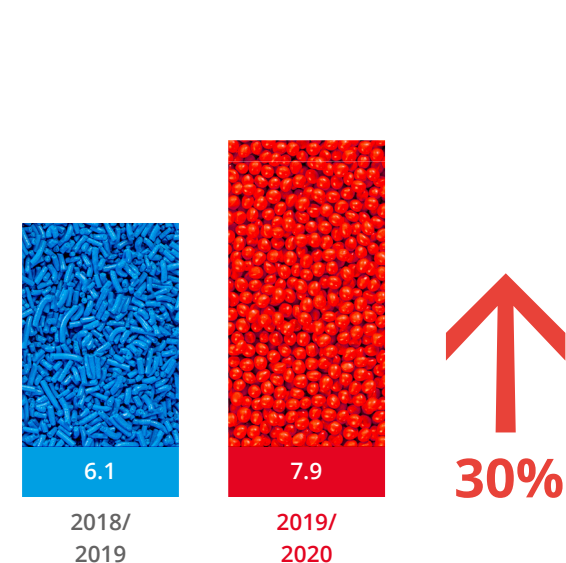
Operating Result

In million euros



Net Result

In million euros



Return on Sales

2019/2020
2018/2019

10.6%
9.6%

Return on Investment

2019/2020
2018/2019

27.0%
24.0%

Earnings per Share

2019/2020
2018/2019

9.09
7.04

Innovation Index

2019/2020
2018/2019

14.6%
16.6%

OWC as % of Revenue

2019/2020
2018/2019

21.0%
21.3%

Solvency

2019/2020
2018/2019

74.5%
72.3%

Based on rounded numbers.

Financial Performance

Key figures in EUR million	2019/ 2020	2018/ 2019	Change
Revenue	101.5	90.9	12%
Operating result from continued operations	10.8	8.8	23%
Net result from continued operations	7.9	6.1	30%

Revenue for the 2019/2020 financial year was € 101.5 million, an increase of 12% on the previous year (€ 90.9 million) with a favorable impact (€ 2.0 million) from the USD currency translation.

All divisions – Europe, Americas and Asia – contributed to this revenue growth. The European division delivered revenue growth of 8.8%, which was realized through organic volume growth and slightly higher average sales prices. A 8.7% revenue gain was realized by the Asia division, primarily due to increased volumes. Revenue growth of 11.4% in the Americas division was the result of higher volumes and higher average sales prices.

The net margin for the group was € 45.8 million, an increase of € 5.3 million on the year before. The margin as a percentage of revenue ended higher at 45.1%, versus 44.5% in the previous year. This increase is due to a favorable geo and product mix.

Sales price increases were introduced to mitigate the higher raw material costs.

Operating expenses of € 35.0 million were up € 3.3 million (10.4%) from the previous year, primarily due to labor cost and depreciation. However, maintenance, materials, insurance premiums and forex-related devaluations of receivables were also unfavorable compared to the previous year. The operating result from continued operations was € 10.8 million, versus € 8.8 million for the previous year. The Effective Tax Rate (ETR) is lower than prior year, mainly because of the impact from Dutch Tax rulings (Innovation box). Due to prior year adjustments and revaluing deferred tax assets the ETR is above the legally applicable rate in the Netherlands of 25%. Please refer to Note 11 of the financial statements for a full explanation.

The net result after discontinued operations was € 7.9 million (€ 9.09 per share) versus € 6.1 million in the previous year (€ 7.04 per share).

The revenue gains in Europe and Americas were driven by both the building & construction and packaging segments. Coatings Europe also delivered solid growth. The revenue gain in Asia was mainly driven by the packaging segment. The share of the focus segments in the total revenue of the group is 90.5% (versus 89.0% for the previous year), with the highest absolute growth this year again realized in the packaging segment.

DEVELOPMENTS BY DIVISION

Europe

In Europe, the 8.8% revenue growth to € 53.2 million affected each of our market segments favorably. Volumes in the building & construction and packaging segments were up, mainly driven by specific customers in export markets (Middle East, Africa and Russia). The EU market was stable on average and the coatings segment showed solid growth. Relative margins improved slightly despite continued raw material price increases. Sales price adjustments were introduced with some time lag; it was primarily a favorable product mix that drove the relative margin improvement versus previous year. Operating costs were well under control with only limited higher salary costs and depreciation. Revenue growth and total gross margin increases did result in a further improvement of the operating result to € 3.3 million compared with € 1.6 million last year.

Americas

The 11.4% revenue growth to USD 36.1 million in the Americas was related to higher sales in North America, but also sales in South America were up from previous year. Segments packaging and building & construction were the main drivers of the growth, benefitting from specific customer projects. Overall building & construction markets in North America did not improve over previous year.

Relative margins decreased due to a less favorable product mix. Operating costs were up due to higher personnel expenses, depreciation and maintenance. As a percentage of sales and margin these costs are slightly lower than previous year. Despite the slight decline in relative margin, operating result increased to USD 2.4 million, compared with USD 2.2 million last year.

	Europe (Euro millions)		Americas (USD millions)		Asia (USD millions)	
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
Revenue	53.2	48.9	36.1	32.4	18.7	17.2
Operating result	3.3	1.6	2.4	2.2	3.9	3.7

Asia

The 8.7% revenue increase to USD 18.7 million in Asia was mainly realized in packaging export, with China again being the largest contributor. Revenue in Building & Construction was also up from last year, both in export markets and in our home market of Indonesia. Margins were up as a result of higher sales and a better product mix. Operating costs increased primarily due to labor cost increases and exchange-rate differences related to IDR receivables. Depreciation was higher than previous year as result of an investment in a new extrusion line. The operating result increased to USD 3.9 million (up from USD 3.7 million in the previous year).

CAPITAL EXPENDITURES

A total of € 4.3 million was spent on capital projects for the year, versus € 2.9 million last year. The capacity extension in Asia has been successfully completed. For Europe and the Americas, spending relates both to replacement and to capacity extensions for new products. The five-year average annual depreciation level for Holland Colours is € 2.1 million.

CASH FLOW

Net cash flow came in at € 0.2 million versus € 2.1 million last year. While the cash position improved over prior year the lower cash flow result of € 1.9 million is among others due to higher investment activities with € 1.4 million, negative translation differences on Cash and Cash Equivalents of € 0.5 million and more pay out of dividend € 0.1 million. The investment in operating working capital and higher income taxes paid is absorbed by the higher operating result. There were no changes in the company's funding. Beside the liabilities related to the adoption of IFRS 16 the company remains loan free.

FINANCIAL REPORTING PROCESS

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 review call with each divisional management team. The consolidated results and summary comments are subsequently sent to the Supervisory Board.

Outlook 2020/2021

Holland Colours does not have a history of providing forward-looking statements in its annual reports. Because of the exceptional situation related to the COVID-19 crisis, we will share our main concerns below.

We have taken adequate precautionary measures to protect the health of our employees and to continue operations. However, market developments are very hard to predict in the current environment: the signals differ widely by division, by segment and also over time. The expected global recession is very likely to lead to a slowdown in revenue. How severe the expected recession will be is unclear. Demand in Packaging, especially for food, hygiene and health and personal care, is expected to remain at an acceptable level. For example, exports for the packaging market in China were on hold for two months early this year before returning to previous levels. We do, however, expect a global decline in building & construction and coatings segments. It is difficult to anticipate and fully understand the events that could potentially have an impact on our business.

Various types of government measures implemented in response to COVID-19 and with different levels of severity can and will affect our business. The international availability of raw materials, logistics and transportation remains uncertain and will also have an impact. In anticipation of the expected drop in revenue, the company decided in early April to implement a very restrictive expenditure and investment policy worldwide. Additional measures will be taken depending on developments, which may vary by subsidiary.

Holland Colours will not provide precise forward-looking statements about revenue and results for 2020/2021. Obviously, the question is whether the financial targets can be achieved, but at the time of completion of this Annual Report, the effects related to COVID-19 were not yet at a level that we were forced to take more measures. However, we continue to closely consider all possible scenarios. While uncertain, we do not believe, however, that the impact of COVID-19 would have a material adverse effect on our financial condition or liquidity.

Organization

Since July 2018, the Board of Management consists of three members (the CEO, CFO and CTO), with each member having a clear set of responsibilities. The Executive Management Team was subsequently dissolved, and since then decisions are made at either the divisional or the Board of Management level.

Since the departure of Margret Kleinsman as of December 31, 2019, the CFO position has been filled on an ad interim – non-statutory – basis. On April 8, we announced that Tanja van Dinteren would be joining Holland Colours as our new CFO on June 1, 2020. We anticipate her nomination by the Annual General Meeting of Shareholders on July 16, 2020.

Our strategic objective, including a large number of initiatives, requires dedicated leadership. We therefore decided last year to end the dual roles of the CFO and CEO as financial controller and Head of the European division and fill these two European management positions with leaders who can fully focus on this division's performance. In May 2019 we hired a Financial Controller for Europe and in February 2020 the company recruited a new Head of Europe. In Asia we strengthened the sales and technical service team and hired a financial controller. In the US and Europe, we invested in our technology organization to drive our strategic goals related to specific product/market combinations, customer-driven technology development and innovation.

Overall, at a global level, staff turnover was again relatively low last year. Our employees appreciate being part of the Holland Colours family. Our site in Richmond, Indiana in the United States, however, was faced with a strong regional labor market for factory workers, and staff turnover among this group remained higher than our internal target. Retaining good employees and recruiting the right people continued to be a challenge. For the group as a whole, we can state that the combination of an ongoing strong labor market and our policy of finding professionals who fit our company and strategic requirements resulted in somewhat longer hiring processes last year, as in previous years. Rather than pursuing alternative policy approaches, we prefer to be patient and take a long-term view in this respect.

As part of our COVID-19 mitigation measures, we decided to stop hiring new employees until we have a better understanding of how this crisis will play out.

Our unique culture of being a global player with a local customer-driven mindset, combined with employee shareholding, is a very strong driver for how we operate. Our employees take pride in their work and have a natural desire to collaborate and contribute to the company's success. This is one of the company's clear strengths, and we are experiencing this more than ever during the COVID-19 crisis.

Product Innovation

It is our mission to be a co-design partner to our customers for color and functional solutions. We are proud that our product portfolio is developed in-house and we continue to work on developing next-generation product families and further improving existing products in close collaboration with our customers, network of suppliers, research and educational institutions and application partners.

The development of new products is also based on trends in our industry and in our key market segments and is made possible by advancements in components, carriers and processing technologies. We invested in new liquid dispersion technology at our production site in Apeldoorn, the Netherlands and expanded capacity in polymer extrusion in Richmond, USA in 2019/2020.

The innovation index is used as a measure of our ability to transform development activities into value. It is defined as the current-year revenue from new products developed by Holland Colours that have been commercially launched in the market over the past five years. Products are excluded from the index after five years, even though most of these products remain in the market for a longer period. The index was 14.6% in 2019/2020, compared to 16.6% in the preceding year.

A key trend in the market remains a firm focus on the sustainability and recyclability of materials. This year we expanded our Holcomer Circulaire portfolio, using a patented product that blocks light through the use of lower concentrations of inorganic components and enables our customers to blow bottles using less heat energy.

In line with our strategic direction to provide concentrated functional solutions, a portfolio of UV and light blocking additives, fast reheat and AA scavenging additives for packaging applications were relaunched. In addition a carbon-free black color was introduced to enable detectability and recycling of black plastic packaging.

We further expanded our patent portfolio in 2019/2020 by adding a new patent application for the Holcomer product portfolio. The current patent portfolio was continued throughout the 2019/2020 financial year.

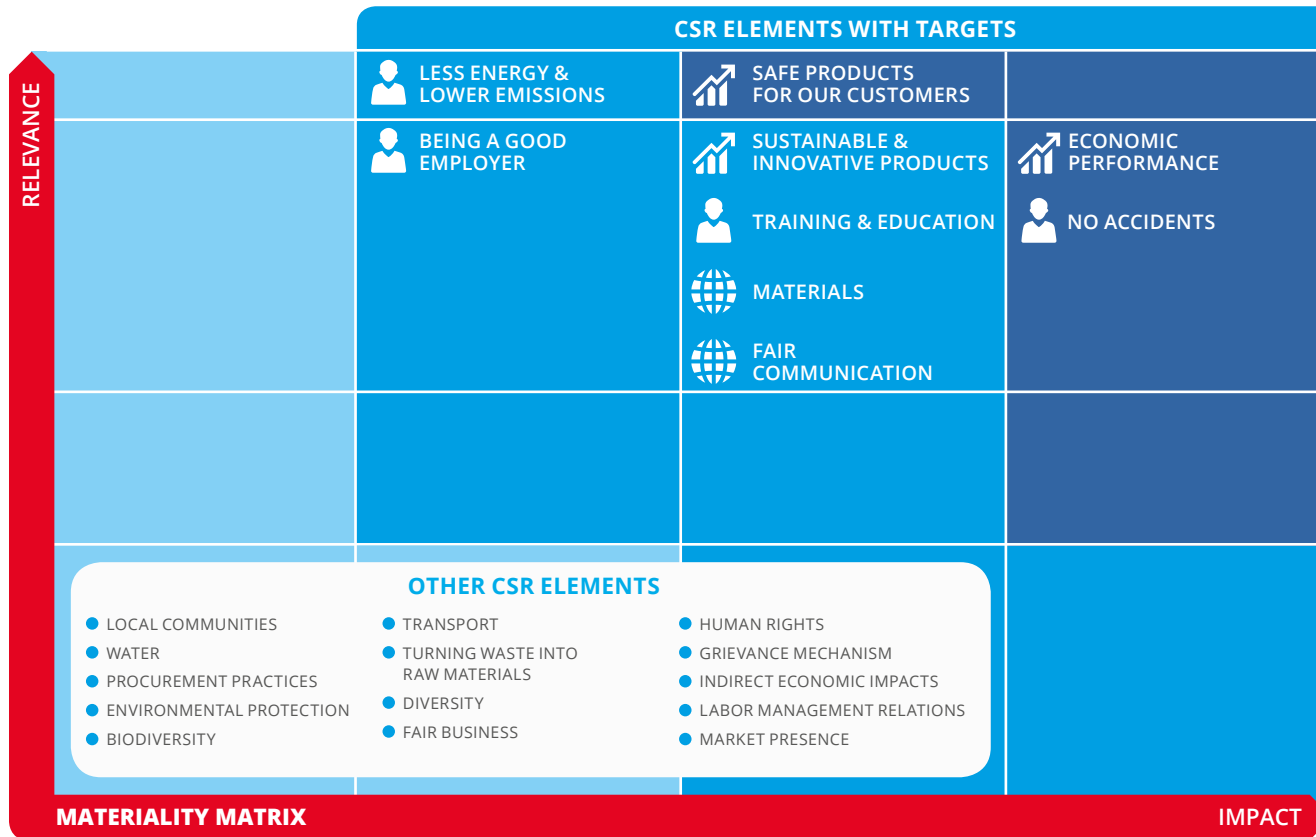
Our pipeline is continually filled with new ideas and co-development projects with customers.

Sustainability

Part of our mission is 'to be recognized as a contributor to a sustainable industry'. For us, this means creating solutions as a co-design partner that support our customers in their sustainability goals, and exceeding our customers' expectations in terms of product performance. But our role does not end there: we also aim to contribute to our communities through our actions and operations.

We believe that Corporate Social Responsibility (CSR) is an integral part of a sustainable business model for continuity and success. It is in the interests of both our internal and external stakeholders and makes Holland Colours both a better company to work for and a better member of the communities where we operate.

Our business knowhow and expertise revolve around coloring and adding functionality to plastics. Experience has shown that colored plastic can be recycled multiple times, as long as the color base originates from the right materials. We employ specialist teams for food safety and regulations and environmental requirements. Our technology lab in Apeldoorn is committed to selecting the most recyclable raw materials for our color and additive concentrates.



We conducted a materiality assessment in 2017 to balance the topics that are most important to our stakeholders in terms of their impact on our current business. We believe that these are still topics of key importance in 2020.

As the matrix shows, the highest-priority topics for stakeholders, and those with the greatest estimated impact on our business and the sustainability of our organization, are 'economic performance', 'safe products for our customers' and 'zero accidents'. We have made these topics key priorities, while others are either rated as less important for the time being or omitted because considerable progress had already been made.

We have followed Global Reporting Initiative (GRI) guidelines for measuring and communicating our sustainability practices and policies for several years. The full report is available on our website and will be updated for 2019/2020.

In the coming year we plan to reevaluate our sustainability approach and goals and implement a clear CSR strategy as part of our wider business and brand strategies.

PEOPLE



ZERO ACCIDENTS

We are determined to provide a safe, healthy working environment and aim for zero accidents. We continuously train our people, and work to create the right conditions for all of them to give their best every day. We encourage our employees to report incidents and accidents, and to learn and improve our processes and procedures when these do occur.

Workplace accidents	2019/ 2020	2018/ 2019	2017/ 2018
Accidents	2	1	2
Near-miss accidents	1	4	6
Incidents	66	58	52

The actions and precautions we took to improve safety at Holland Colours have led to a continued decline in accidents and near-miss accidents of three this year. We strongly regret each of these accidents and have taken corrective and preventative measures based on the lessons learned from each accident. We define an accident as a lost-time injury (two this year), while near-miss accidents are those needing medical attention (rather than First Aid) and which may lead to restricted duties for the person involved.

The number of reported incidents has increased to 66; this increase may be due in part to our continuous efforts to raise safety awareness. These offer us the opportunity to identify high-risk areas or behaviors and make permanent improvements before accidents happen. Additional insight or risks and potentially unsafe behavior or situations are identified by cross-functional safety committees who regularly audit our sites and procedures. This year we also invited external safety auditors to our main site in the Netherlands for a review of this site. In doing so, we expect to further increase safety awareness and lessons learned to help us meet our target of zero accidents.

TRAINING AND EDUCATION

We firmly believe in training on the job, supported by external training and education. We train our employees' skills on an ongoing basis and try to identify their strengths. We are proud to mention that some of our employees who were trained in-house have been promoted to another role, which the size of our organization fortunately allows. We support those employees through education and internal training on the job.

In the Americas, we promoted our Purchase Manager, Chuck, to Operations Manager. There is some overlap between this role and that of the current Plant Manager, and we will make sure he will be ready and successful. In Apeldoorn, a Production worker, Jeroen, was appointed to Quality Control Officer. He received full on-the-job training, so that he will eventually be able to conduct the quality tests independently.

Another example is in our Maintenance Department in Apeldoorn. Thomas, who holds external qualifications, was initially appointed as a Maintenance Trainee, only to be promoted recently to Maintenance Engineer (having undergone on-the-job training and based on his external credentials). In Hungary we offered Kata, after two years of maternity leave, the opportunity to train for a position in HR, while her colleague Lisa will start a traineeship to prepare her for a role in Customer Service. Both employees started out at the front desk.

BEING A GOOD EMPLOYER

Holland Colours employs people across Europe, Asia and Americas and is committed to be an all-round good employer. One of our key drivers in preventing illness and disability are precautionary actions to support the health of our employees.

In Europe and Asia, we organized annual health checks on a voluntary basis to give employees the opportunity to check their health status. Health checks (including blood pressure, providing advice on physical complaints, mental health support, providing fresh fruit and providing workplace advice). In America, we host an annual health fair, where employees can visit various vendors, who offer a variety of information and testing tools. The free tests include mammograms, blood pressure tests, vision tests and a variety of wellness blood testing. We also host a bloodmobile and our employees donate blood.

ENERGY AND EMISSIONS

We strive to reduce our carbon emissions per kilogram of end product by 2% a year. Since our production processes emit virtually no greenhouse gases, we focus our energy-efficiency efforts on indirect emissions, including reducing our natural gas and electricity consumption by controlling the temperature in our facilities and optimizing production processes.

Carbon emissions in tons	2019/ 2020	2018/ 2019	2017/ 2018
Scope 1 – Direct emissions	799	836	922
Scope 2 – Indirect emissions	5,213	5,259	5,094
Scope 3 – Other emissions	501	678	727
Total	6,513	6,793	6,743

Carbon emissions per kg product	2019/ 2020	2018/ 2019	2017/ 2018
Total	557	622	642

In 2020, total carbon emissions were reduced, while there was growth in our production volumes. Overall, carbon emissions per kg produced product decreased by 11% from the previous year. Key contributing factors to this were a reduction in our natural gas emissions and a reduction in air travel (partly related to COVID-19).

TURNING WASTE INTO RAW MATERIALS

At Holland Colours, we strive to minimize the impact of our production processes by using raw materials responsibly, and by recycling off-spec material. Our production sites pay a great deal of attention to the use of products and processing them efficiently.

Waste in tons	2019/ 2020	2018/ 2019	2017/ 2018
Product waste	374	353	360
Cleaning waste	250	217	167
Packaging waste	300	306	341
Other waste	59	62	57
Total	983	938	925
Waste as % of produced weight	8.4	8.8	8.8

The higher waste figure for 2019/2020 reflects an increase in production volumes. However, the amount of waste per kg has improved slightly.



PROFIT

ECONOMIC PERFORMANCE

At Holland Colours, we have made CSR a key pillar of our strategic operations, and it is based on the interests of people, the planet and longer-term financial profit. We team up with customers and value-chain partners and use our knowhow on colorants and additives to collectively help develop a sustainable industry.

Our story began in 1979 with the founding of Holland Colours. At the time, sustainability and being 'green' were not on most people's minds. Despite this, we introduced a highly concentrated, dust-free product called Holcobatch®. The concept behind it made it different in several ways from the color pigments that had previously been the only way to color the PVC pipes used in the building and construction industry. Since then, it has evolved into a range covering coloring solutions (Holcobatch® Classic), masking colorants for recycled PET (Tintmask) and solutions using pigments from a natural source (Natural Collection). Holcobatch® and the other color granules that followed are more advanced than their alternatives. They feature specific concentrations of pigments and additives, with the key difference that these are encapsulated within a renewable, non-petroleum-based carrier – unlike most of our competitors' products, which use polymers. We can therefore truthfully say that sustainability and economic performance have gone hand in hand at Holland Colours from day one.

SAFE PRODUCTS FOR OUR CUSTOMERS, THEIR CUSTOMERS AND BEYOND

We aim to co-design color and functional solutions in our industry. We want to support our customers with the best solutions and anticipate and meet their needs. To do so, we place strong emphasis on understanding the application and regulatory compliance requirements of our customers and ensure that we provide a product that meets these compliance requirements.

Our divisions have dedicated product stewardship specialists to oversee regulatory compliance for our full product range. They communicate with customers, suppliers and officials to issue the correct declarations in line with the relevant regulations. This includes SDS (Safety Datasheets), RoHS (Restriction of Hazardous Substances), European and FDA (US Food & Drug Administration) and Asian compliance with regard to food contact materials, plus an active approach to understanding the regulatory challenges our customers face, and supporting them in meeting these challenges. One example is the understanding and interpretation of Non-Intentionally Added Substances (NIAS) as part of the relevant European Directives for our packaging customers.

CUSTOMERS DEMAND SUSTAINABLE AND INNOVATIVE PRODUCTS

We bring new products and solutions to the market by focusing on our areas of expertise and partnering with others in the supply chain. Innovation is an important part of our success. Holland Colours is convinced that the environmental impact of its products and services is minimal.

We do, however, also believe it is vital to design products for use in a circular economy. Holland Colours aims to support this by choosing raw materials that enhance the recyclability of end products wherever possible.

Holland Colours has been serving the plastics industry for more than 40 years, and we hold a strong position in the PET packaging industry. We follow initiatives and recycling trends closely because we acknowledge our responsibility to future generations. We develop sustainable solutions for the industry. For example, we developed black color formulations for the packaging industry that NIR sorting systems can detect during recycling. We also launched our Holcomer Circulaire, a first-of-its-kind low-mineral, highly opaque solution.



PLANET

RAW MATERIALS

In our industry, the choice of raw materials determines the quality of the products manufactured. We actively manage the efficient use of raw materials and look for eco-friendly alternatives wherever possible.

	2019/ 2020	2018/ 2019	2017/ 2018
Raw materials in tons			
Carrier materials and additives	2,480	2,185	2,136
Colorants	6,908	5,823	5,442
Other non-renewable materials	1,267	1,337	1,689
Renewable raw materials for production	2,899	2,787	2,876
Total	13,554	12,132	12,143

HONEST COMMUNICATIONS

Open and honest communication about our products and the value they add is key. We help customers to use our products more efficiently and provide them with detailed documentation.

In 2019 we implemented our social media strategy to effectively engage with our customers and communicate about our products on a weekly basis. We ensure our posts and news items on our website are of a high quality and relevant to them. Through our social media channels, we provide fast and efficient responses to customers; we give them the option to interact with us either through different social media platforms or using traditional methods (email/phone).

In October 2019, we also launched a web selling tool for colorants for EPS, offering customers the opportunity to download detailed product documentation, user guides, a video tutorial, and request samples and place orders on a 24/7 basis.

Risk Management

The risk appetite of Holland Colours is best reflected in our strategic ambition. Our main focus is to defend and grow our global market share in the market segments we serve with products that are close to our original core. In order to maintain a sustainable base for our company's long-term profitability, we are looking for a year-on-year continuation of profitable growth. We do this in a variety of ways, including through the selective extension of our technology base driven by in-house product innovation and/or third-party partnerships.

Furthermore, as is clear from our strategy, we will continue to foster business opportunities in adjacent product areas and market segments to apply our extensive color, additives and application knowhow in an effective and profitable manner.

Our strategy is well focused and stays close to our core of proven technologies and products, while also incorporating new market trends and innovations, with recycling being one of the main drivers.

Our company culture is an important driver for the successful implementation of our strategy. Holland Colours is a partly employee-owned company with direct and informal reporting lines and a strong focus on diversity. Our caring culture makes us effective in bridging the needs of the market with our technological and production capabilities on a global scale with a holistic approach: in our company, there is no room for individualistic behavior.

Our divisions are responsible, in close cooperation with the central functions on maintaining an effective risk and control environment as part of our day-to-day operations.

The directors and controllers of the operating companies have signed a statement concerning compliance with the guidelines and procedures that form the basis for financial reporting and internal audits.

During the 2019/2020 financial year, no significant shortcomings were found in the internal risk management and control systems.

The company regularly evaluates its insurance cover, the premiums it pays and the policy excess that applies.

In 2018/2019 we conducted a bottom-up review of our 5-year strategy with inclusion of divisional management teams and key commercial and technology staff. An external consulting firm guided us through our Product Market Combinations (PMC). For each PMC, we discussed market potential and risk as well as the best fit/adaptation for Holland Colours' products and services.

We also remained focused on cybersecurity as well as adherence to laws and regulations on data protection. Holland Colours implemented processes to ensure compliance with the General Data Protection Regulation (GDPR) for personal data processing.

Cybersecurity threats have become part of day-to-day life, including for Holland Colours. The risk of cybercrime is hard to assess, with technology and fraud tactics changing rapidly. Holland Colours updates relevant staff and personnel on a regular basis on the various types of fraud such as phishing emails and identity fraud. We believe that ongoing efforts to create awareness of cybercrime risk are paramount in protecting Holland Colours against these risks.

We also installed antivirus software and internet blockers to block access to unsafe internet sites and heed advice from our third-party service provider based on their experiences in the field.

THE POTENTIAL IMPACT OF COVID-19 ON HOLLAND COLOURS' BUSINESS

The scale and duration of this pandemic and the effects on our business remain uncertain. As explained in the introduction, the outlook 2020/2021 and the Notes to the Consolidated Financial Statements, the company is taking measures to control the related risks.

The remainder of this paragraph will summarize the risks identified in each key category:

- Strategic
- Compliance
- Financial
- Operational

STRATEGIC

These risks refer to elements or trends that could prevent us from achieving our long-term strategic objective.

Our ability to defend and grow market share in B&C and Packaging depends on our ability to follow changes in market requirements and legislation

Changes in market requirements are ongoing both from an equipment (faster, more standardization) and a product compliance point of view (recycling, environmental legislation, FDA, REACH, NIAS). The risk that Holland Colours is (or is perceived as being) too small to

manage these challenges effectively is mitigated by the fact that we supplement our product core with third-party complementary technology where needed.

We do this in the form of trading products (mainly Asia) and manufacturing alliances (such as our long-term relationship with Italian-based company Gaypa). Overall, our global presence and strong relationships with key players in both the packaging

and B&C industries continue to be the drivers in defining our product portfolio. In order to protect our technology, we apply for patents where feasible.

This risk will continue to have full management attention, with a clear focus on developing the right products and technologies. The appointment of a Chief Technology Officer to the Board of Management in July 2018 as well as the creation of three new roles in the organization: Innovation Manager and Global Product Market Managers for UHT Dairy and Packaging Additives, are important steps. Last year two out of these three vacancies were filled by internal candidates. For the third position we looked outside the company, but so far we have not found the right professional. Recruitment is temporarily on hold due to our COVID-19 mitigation program.

Competitive behavior and market consolidation trends expose us to new challenges

presents both challenges and opportunities for smaller players such as Holland Colours that have a global reach serving niche markets based on a service-oriented approach. Additionally, apart from North America, we still see only limited concentration trends in our customer base. Nevertheless, there is an ongoing trend towards standardization of technology and machinery with convertors in the packaging industry. Brand owners in this segment also have 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. Lastly, we are experiencing the impact of supplier consolidation, which drives up the prices and costs of our raw materials. In almost all

We closely track the various dynamics in the competitive landscape. We note, for example, that global players are separating their colorants businesses, acquiring compounders or teaming up with others. This

cases of short supply, we were able to reformulate our products and keep the customer satisfied. We have to offset the cost increase through higher sales prices.

Service – Our ability to act as a global partner providing local service depends on our business model

ent go-to-market models we are spreading our risk and are well connected to local developments. In the North American region, we work with local sales offices. In Europe 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. In the 2016/2017 financial year, for example, we made the decision to close our wholly-owned China entity and continue with local business partners.

COMPLIANCE

These risks refer to insufficient knowhow and measures in place for Holland Colours to properly handle the ever-changing local and international compliance requirements. Compliance is a broad area. We are focused on strictly managing the introduction process of new raw materials and product and production compliance in our risk assessment processes. In the packaging segment, we are subject to audits and reviews by our customers, who certainly help to keep us well connected and aligned. Please refer to the Sustainability section for information on the measures in place to foster a safe working environment for our

This relates to the risk of being a relatively small player with a global reach. As such, Holland Colours could be stretching its resources too thinly over the globe while at the same time not being effective in local markets. We believe that with the differ-

employees and actions in place to ensure our raw materials are sourced from respectable companies that adhere to good business practices.

At Holland Colours we take food contact very seriously

From a preventive perspective, we partner closely with our key customers in interpreting new regulations. As part of the strategy work, we gathered from interviews conducted by an external consultant within the industry that Holland Colours is typically well informed and that we are valued for our active approach to finding solutions. We achieve this by reformulating products and/or changing our internal operations where needed. The latter may also be prompted by customer audits (mainly in Packaging). Our manufacturing sites are ISO-registered and subject to regular audits (except for our site in Richmond, Indiana, in the USA, which uses a self-imposed audit system).

We also adopt a structured approach to learning from any incidents that occur. The complaints registration and handling system has been given outstanding scores in many ISO-audits for its structure and content. 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. The topic of product compliance and complaints management is on the agenda of the divisional management team meetings, while product liability risk is covered in the agreements with customers and suppliers and also insured through third parties.

FINANCIAL

Holland Colours continuously monitors elements that could jeopardize its financial health. The risks that are part of our regular business operations (such as currency and credit risk) 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 stand-by credit line for incidental need.

OPERATIONAL

This refers to risks that originate in our operations which would prevent us from achieving our strategic objectives.

Effective scale-up and launch of new products is viewed as a critical success factor at Holland Colours

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 given to staffing and other needs during the scale-up phase.

Market launch is prepared under the direct supervision of the Global Marketing Director during the final phase of the product development project. Coordination between the project leader and Global Marketing Director already commences during the test marketing stage.

Succession planning is an issue that Holland Colours needs to address in a systematic way

It is of key importance, yet not easy for a company with the size and global reach of Holland Colours, to develop or find and successfully onboard new management members at different levels. This process has the full attention of both the Board of Management and the Supervisory Board. We aim to retain long-term employees who know the business and can share the Holland Colours culture with new members of staff. The latter can, in turn, introduce new ways of working and new technologies, preferably with the knowhow and patience of effective change agents.

Holland Colours strongly believes that proper project management is a key driver for success

As part of the strategy a number of global and divisional initiatives were created, aimed at business growth and/or internal process improvement (called Excellence Programs). The risk of ineffective execution has been mitigated by installing 'Target and Initiative Management'. The project sponsor is a member of the Board of Management or Head of Division and is responsible for drafting the project charter and the performance and progress review of the initiative project(s). 'Target and Initiative Management' drives the production of regular project updates and ensures that bottlenecks are addressed and progress reviews are conducted by the Steering Group (Board of Management plus Heads of Division and selected staff).

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As part of the strategy a number of global and divisional initiatives were created, aimed at business growth and/or internal process improvement (called Excellence Programs). The risk of ineffective execution has been mitigated

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 Management Report 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 reporting contains no material errors;
- COVID-19 will have an impact on our business as mentioned in the introduction and outlook section. While uncertain, we do not believe, however, that the impact of the COVID-19 virus will have a material adverse effect on our financial condition or liquidity. We therefore believe that the accounting principles can be maintained on a going-concern basis. The principles of valuation and determination of results used in the financial statements are therefore based on the assumption of the company's continuity;
- The Management Report 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 Management Report;
- Due to the uncertainty of the COVID-19 crisis the members of the Board of Management have decided that the bonus part of their variable remuneration of year 2019/2020 will not be paid out in July 2020. The pay-out decision is delayed until there is sufficient clarity and certainty towards the development of the liquidity of Holland Colours;

- 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 Management Report 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 Management Report describes the material risks to which Holland Colours is exposed.

Apeldoorn, June 4, 2020

Board of Management Holland Colours NV

Coen Vinke

Eelco van Hamersveld

CORPORATE GOVERNANCE

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

The company's management and supervision are organized under Dutch law in a two-tier structure comprising of a Board of Management and a Supervisory Board.

Holland Colours promotes responsible behavior toward society and the environment, while at the same time taking account of 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 on 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 were updated and the Articles of Association of Holland Colours were aligned with the Code.

The statutory responsibility resides with the Board of Management, consisting of the CEO, CFO and CTO, who convene every two weeks with a formal agenda and a list of action items and decisions. The Board of Management holds regular meetings with the divisional teams for the 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 the divisional managers participated in a weekly (digital) meeting 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 the monthly 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 the members of the Supervisory Board and the Board of Management of their duties performed 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, 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 the members of the Supervisory Board and the Board of Management of their liability for the duties performed;
- 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 for voting by proxy to its shareholders. 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 based on 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 in aggregate representing 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 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. The Board of Management currently consists of two men. Diversity will be taken into account in succession planning and therefore it will be proposed to the AGM to appoint Tanja van Dinteren as CFO, which will result in one out of three members of the Board of Management being female.

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 therefore makes every effort to provide such parties equally and simultaneously with information that is relevant to shareholders, 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 is a reflection of our core principles on doing business in a fair and ethical way, complying with the local rules and regulations, and treating our employees and business partners with respect. It provides guidelines for avoiding unfair competition and corruption or bribery and states the conditions for a safe and healthy work environment. Through our HP Officials – as appointed by Holland Pigments BV – and other channels we maintain our unique employee participation model and culture. Holland Colours has a global whistleblower policy in place, while adherence to the company core values is part of the annual performance cycles with employees.

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 Management Board members of the company must be published without delay once the contract is concluded. As we do not want to single out this type of information, Holland Colours has decided to continue publishing 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 and is further described in the Remuneration Report and Note 29 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 chairman of the Supervisory Board is also chairman of the Audit Committee, 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 will evaluate annually if it is necessary to establish an internal audit department and will include 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 16, 2019 authorized the Board of Management to acquire shares in the company for a period of 18 months, up to January 16, 2021 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 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

As at March 31, 2020, 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, 2020		
Supervisory Board members	0.00%	0.17%
Coen Vinke*	0.00%	0.05%
Eelco van Hamersveld*	0.00%	0.05%
March 31, 2019		
Supervisory Board members	0.00%	0.17%
Coen Vinke*	0.00%	0.00%
Margret Kleinsman*	0.00%	0.19%
Eelco van Hamersveld*	0.00%	0.01%

* Board of Management.

REPORT OF THE SUPERVISORY BOARD

Composition of the Supervisory Board

There have been no changes in the composition of the board since last year's shareholders' meeting.

The Supervisory Board has four members, which we believe to be sufficient given the size of the company. There are two sub-committees of the board, the Audit Committee and the Remuneration Committee, each with two different board members.

Board of Management Composition

There were no changes in the composition of the Board of Management during the past financial year, other than that as of December 31, 2019 the CFO, Margret Kleinsman, left Holland Colours NV for a board position at another company. She served as our CFO for five years, during which she made valuable contributions to the company. We are pleased that on April 8, 2020 we could announce that Tanja van Dinteren will be joining Holland Colours on June 1, 2020 and is to be proposed to the AGM to become the new CFO of Holland Colours.

Board Meetings and Contacts

The Supervisory Board met with the Board of Management on five occasions in ordinary meetings during the financial year and six times via conference call. All members attended all meetings. The Boards discussed the operational and financial developments of the company, the filling of key positions, environmental issues, working conditions and Corporate Social Responsibility, as well as key risk areas. Individual members of the Supervisory Board also visited some of the operational centers and met with local management and employees on various occasions.

SUPERVISORY BOARD



Roland Zoomers

Chairman

Year of birth	1950
Nationality	Dutch
Date of initial appointment	July 9, 2015
Term of office	2019 – 2023 (second term)
Additional positions	<ul style="list-style-type: none"> • Chair Supervisory Board Onkenhout Beheer BV • Member Supervisory Board Vermeulen Group BV



Aukje Doornbos

Year of birth	1979
Nationality	Dutch
Date of initial appointment	July 9, 2015
Term of office	2019 – 2023 (second term)
Additional positions	<ul style="list-style-type: none"> • Managing Director DSM Energy Curable Solutions



Gert-Hein de Heer

Deputy Chairman

Year of birth	1964
Nationality	Dutch
Date of initial appointment	July 12, 2018
Term of office	2018 – 2022
Additional positions	<ul style="list-style-type: none"> • Board Member Holland Pigments BV • Chairman Stichting Administratiekantoor 's-Heerenhove Heerde • Board Member Stichting Grafica • Board Member Peerwith BV



Jorrit Klaus

Year of birth	1969
Nationality	Dutch
Date of initial appointment	October 26, 2017
Term of office	2017 – 2021
Additional positions	<ul style="list-style-type: none"> • Managing Director Synres BV

Further information on the background of the members of the Supervisory Board of Holland Colours NV is available at www.hollandcolours.com.

There were also extensive consultations with the Board of Management concerning the company's strategic direction and the implementation thereof. The Supervisory Board also met on several occasions without the Board of Management being present.

Especially since the COVID-19 crisis erupted, the Supervisory Board has been kept constantly informed about the developments and its impact on the organization, including the financial status of the company.

Development and Strategy

The company continues to benefit from the fact that demand for its products in the major markets in which it operates remained strong in all areas. All divisions and all segments have contributed to the realized growth in revenue and profit. The availability and the fluctuating prices of key raw materials remained a concern during the year, prompting searches for suitable alternatives. The trend to use recyclable plastics for end products is becoming an especially important factor for our products. Fortunately, Holland Colours offers many products that are very suitable for such purposes and it is constantly developing new applications for this purpose. The Board of Management, with the support of the Supervisory Board, developed plans and actual projects to strengthen the strategic position of Holland Colours in its various markets. Our employees made substantial efforts and undertook practical actions to implement the proposed plans. The overall goals of Holland Colours are based on the firm belief that the company has an excellent position in its niche markets and also that each of those offer substantial growth opportunities.

The key, then, is to clearly identify and conquer this potential and execute the corresponding operational task more effectively and efficiently. In addition, the company is constantly striving to develop new techniques to respond faster to the demands of its prospects and customers. This should further increase revenue levels in all areas and corresponding margins at such levels that the required increases in operating costs can be more than absorbed. This contributes to long-term value creation for the company.

However, it is evident that the global COVID-19 crisis will have an impact also on the development of Holland Colours and all its internal and external stakeholders. We are fortunate that the wide spread of applications of Holland Colours products means that a slowdown in one area can often be at least partially offset by continued demand in other areas. But the overall planned revenue growth during this period will be impacted. However, we believe it unlikely that the company's continuity is at stake, as the company is financially healthy, has a strong balance sheet, no loans and extensive credit facilities. Actions have been taken to keep operational costs well under control and reduce investment levels, without severely hampering the continuation of our operations. Given the company's very strong financial structure, we remain confident about the longer-term future. Obviously, the fact that our employees are – along with the founding family's – the majority shareholders in the company, offers a very strong and committed structural base for the company.

Risk Management

The financial, operational, compliance and strategic risks were reassessed by the Board of Management and discussed with the Supervisory Board during the financial year as part of our strategic positioning. Particular attention was paid in these discussions to the technological position of the products in the major markets and the exposure to major accounts and customers. Please refer to the Risk Management section in the report of the Board of Management for a complete overview, including risk-mitigating measures.

In view of the size of Holland Colours and following an assessment of the company's Internal Control Framework that sets out clear roles and responsibilities for the controllers for self-assessments and peer reviews, the Audit Committee has concluded that the appointment of an internal auditor is not necessary.

The financial statements 2019/2020 as included in this Annual Report have been audited. The outcomes of the audit were discussed with the Audit Committee and later with the full Supervisory Board in the presence of the Board of Management and the auditor. PwC Accountants NV has issued a management letter and Board Report on the 2019/2020 financial statements and provided certain recommendations for improvement, which are being implemented.

Performance Evaluation

During the year the Supervisory Board carried out a formal evaluation of its own performance and exchanges with the Board of Management. This provided valuable ideas and suggestions to further improve communication within the Supervisory Board, as well as with the Management. Most importantly it demonstrated that our open and frank attitude in sharing ideas and opinions during our meetings are very positive and show the constructive nature of the Supervisory Board meetings. The performance of the Board of Management is discussed in both the Supervisory Board and Remuneration Committee meetings.

Allocation of Duties

The allocation of duties within the Supervisory Board and its procedures are laid down in the Regulations for the Supervisory Board and its committees. The profile required for Supervisory Board members and a schedule of retirement 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. Diversity will continue to be considered for future appointments, although quality will remain 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, with the exception of Gert-Hein de Heer, who is the Supervisory Board member proposed by Holland Pigments BV.

Committees

Both the Audit Committee and the Remuneration Committee held various meetings during the past financial year, thereby helping to ensure that the responsibilities of the Supervisory Board would be fulfilled. The most important subjects discussed during the Audit Committee meetings included monitoring the Board of Management with regard to financial developments and the implementation of administrative guidelines, relations with and compliance with recommendations and following up of comments by the external auditors, the funding of the company, the use of information and communication technology by the company, including risks relating to cybersecurity and the company's tax position and policy.

The Remuneration Committee discussed the remuneration policy and its transparency, as well as the remuneration levels of the Board of Management versus market trends. The remuneration of the Board of Management consists of a fixed and variable components. The variable component consists of a bonus plan that is linked to financial and non-financial targets. The bonus is capped at three times the monthly salary, subject to achievement of the agreed targets. In addition to this bonus, the members of the Board of Management are entitled to a profit-sharing plan that 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. In July 2019 the members of the Board of Management received variable pay for the past financial year 2018/2019. We believe 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 29 to the financial statements, Related Parties.

External Auditor

PricewaterhouseCoopers Accountants NV (PwC Accountants NV) was appointed as the company's external auditor for a term of three years at the AGM held in 2017. The Supervisory Board is of the opinion that the auditor is able to arrive at independent audit opinions and has given sufficient account of this. To ensure independence, the Supervisory Board will remain alert to any engagements of the auditor for non-audit-related services. The Audit Committee has evaluated the functioning of the external auditor, and the Supervisory Board will propose the reappointment of PwC Accountants NV as its auditor to the AGM.

Annual Report and Dividend Proposal

The company's Annual Report, as presented, contains the financial statements for the 2019/2020 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 82 of this report. The Supervisory Board discussed and approved the Annual Report, the financial statements and the auditor's report at its meeting on June 4, 2020 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.

Due to COVID-19 we are facing a worldwide turmoil the like of which has not occurred in modern times before. Meanwhile the

company has taken various mitigation actions in order to cope with the expected global recession and the expected downturn in our business. However, as the situation evolves it could be necessary to take more measures than we consider appropriate at present. We feel it is our obligation to keep the financial situation of the company as strong as realistically possible. We therefore propose to deviate from our dividend policy of paying out 50% of net profit and add the total net profit to the reserves.

Moreover, we recommend that the AGM 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 2019/2020.

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

As stated above, the company's true performance depends almost entirely on the efforts of our employees. We are encouraged by the fact that during the past year Holland Colours was able to attract and employ new talent to fill its vacancies. Holland Colours' employees are highly motivated and are proud co-owners through their substantial shareholding in Holland Pigments BV, our majority shareholder. Together with our key suppliers and loyal and new customers, they form an excellent base for the further development of the company. We are grateful for their substantial trust and contributions, which became especially evident during the outbreak of the COVID-19 pandemic. It is at such times that authentic relationships are revealed.

We wish the Board of Management and our employees much strength and confidence in dealing with the substantial challenges, but with full confidence that our company remains well positioned to rebound to the growth as laid down in its strategic plan.

Apeldoorn, June 4, 2020

Supervisory Board

Roland Zoomers, Chairman
Gert-Hein de Heer, Deputy Chairman
Aukje Doornbos
Jorrit Klaus

REMUNERATION REPORT

Remuneration of the Board of Management

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

Following the implementation of the EU Shareholders' Rights Directive into Dutch law on December 1, 2019, a proposal will be put to the Annual General Meeting of Shareholders on July 16, 2020 to amend the Policy in line with the new legislation (Article 2:135a DCC). The change in legislation will not entail material changes to the remuneration policy that was already in place and was applied. This remuneration report referred to in Book 2: 135b DCC will be put before the AGM on July 16, 2020 for an advisory vote.

The remuneration policy is intended to encourage enterprising behavior, but also has to 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. Except for 75% of the profit sharing settled in Holland Pigments shares, there is no place 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.

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

In 2019/2020, the internal pay ratio was 10.36 (2018/2019 10.45) 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 consists of:

- A fixed gross annual salary including 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 remedium provisions are subject to the Dutch Civil Code.

Members of the Board of Management have a change-of-control arrangement and in case of early termination will be covered by a severance provision of six months' gross base salary, 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 annually sets the financial targets and individual non-financial targets for the Board of Management. These targets are based on the overall strategic group objectives for the financial year.

Both the financial targets and the non-financial targets for a bonus constitute 50% of the maximum possible variable remuneration, subject to a maximum of three months' salary, being 25% of the gross annual salary. These factors are subdivided into performance criteria. The financial targets are related to Revenue, Return on Sales, and Operating Working Capital. 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, for which particular targets are measured annually. The benefit for 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 month, being 12.5% of the gross annual salary. However, 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 2019/2020 the Board of Management has achieved the bonus targets for 100%. The ROI of Holland Colours Group is 27.0%. 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 in order 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 in order to ensure that the package continues to be competitive and offers appropriate incentives.

INDIVIDUAL REMUNERATION OF THE BOARD OF MANAGEMENT

(amounts x €1,000 unless stated otherwise)

Board of Management		Fixed remuneration		Variable remuneration	Total remuneration	
		Base salary	Pension plan	Variable	Proportion of variable remuneration (in %)	
Coen Vinke	CEO	326	25	105	456	23.0
Margret Kleinsman*	CFO	179	23	-	202	-
Eelco van Hamersveld	CTO	185	19	55	259	21.4
Total		690	66	160	916	17.5

* Included for 9 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				
	2019/20	18/19 > 19/20	17/18 > 18/19	16/17 > 17/18	15/16 > 16/17
Member of Board of Management remuneration					
Coen Vinke (CEO)	456	38 ¹	-	-	-
Margret Kleinsman (CFO)	202 ²	(72)	(4)	6	-
Eelco van Hamersveld (CTO)	259	29	-	-	-
Company performance					
Organic revenue growth (in %)	12%	9%	8%	5%	8%
EBITDA	13,677	10,672	10,186	9,150	7,775
EPS (in € x 1,00)	9.09	7.04	6.78	6.03	4.23
Average remuneration on a full-time equivalent basis of employees					
Number of employees of the group	425	419	413	411	409

¹ Included for 11 months.

² Included for 9 months.

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 an adequate performance in this position and is not dependent 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 Supervisory Board proposes remuneration of the Supervisory Board as follows: fixed remuneration per financial year of € 38,000 for the chairman and € 26,000 for each other member of the Supervisory Board. These remunerations are not subject to any general adjustment for inflation. The Supervisory Board proposes that the AGM adopts the remuneration of the Supervisory Board in accordance with this proposal. If there will be any changes to the compensation of the Supervisory Board, this will be proposed to, and therefore subject to the approval of the Annual General Meeting of Shareholders.

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

(amounts x €1,000)

Annual change	2019/20	18/19 > 19/20	17/18 > 18/19	16/17 > 17/18	15/16 > 16/17
Roland Zoomers	38	-	-	6	-
Aukje Doornbos	26	-	-	-	-
Jorrit Klaus	26	-	-	-	-
Gert-Hein de Heer	26	-	-	-	-
Total	116	-	-	6	-

EMPLOYEE PARTICIPATION

Our shares are traded on the Euronext Amsterdam stock exchange. Our current and retired employees participate in Holland Pigments BV, a Dutch-based investment company, which in turn owns the majority (50.45%) of the shares in Holland Colours.

Stability, Continuity and Independence

The goal of this majority shareholder is to promote the stability, continuity, and independence of Holland Colours, including effective employee participation within the Holland Colours Group.

Every employee is a co-owner, and owners are aware that the first step to success is adding value for our customers.

Employee participation encourages teamwork, proactiveness and accountability. Being a shareholder means having shared goals, responsibilities, rewards and commitment.

Besides the employees of the Holland Colours Group, four main shareholders participate in Holland Pigments. These main shareholders endorse the importance of the employee-shareholder model and actively support this.

The management of Holland Pigments BV consists of a one-tier board. The collective shareholding of current and retired employees (around 25%) is represented by a non-executive board member, who is an employee of Holland Colours. This person is elected by the company's employees every four years. The Board of Holland Pigments BV is currently composed of a chair (rotates each year), four non-executive members, and an executive director.

Holland Pigments Officials

The non-executive board member on behalf of current and retired employees-shareholders and the executive director of Holland Pigments are jointly responsible for effectively implementing the employee-shareholder model. With a view to this same purpose, each Holland Colours site elects and appoints its own Holland Pigments Official, who acts as a liaison between the employees of Holland Colours and the Holland Pigments board. These officials also attend the Annual General Meeting of Shareholders of Holland Pigments. The non-executive board member on behalf of current and retired employees-shareholders and executive director of Holland Pigments regularly visit the various Holland Colours sites to discuss employee participation.



FIVE-YEAR SUMMARY

IN MILLIONS OF EUROS, UNLESS STATED OTHERWISE

	2019/20	2018/19	2017/18	2016/17	2015/16		2019/20	2018/19	2017/18	2016/17	2015/16
Income statement						Statement of cash flows					
Revenue	101.5	90.9	83.5	77.5	73.7	Cash flow from operating activities	8.0	7.7	3.3	7.2	7.6
Operation result before depreciaton and amortisation (EBITDA)	13.7	10.7	10.2	9.1	7.7	Investments	(4.3)	(2.9)	(2.5)	(3.6)	(1.7)
Depreciation of property, plant, equipment and intangibles	(2.9)	(1.9)	(2.0)	(1.9)	(2.0)	Dividend	(3.0)	(2.9)	(2.6)	(1.9)	(1.7)
Operating result	10.8	8.8	8.2	7.2	5.7	Other financial activities ³	(0.5)	0.2	(0.4)	(1.0)	(2.7)
Interest	(0.1)	(0.1)	-	(0.1)	(0.1)	Net cash flow	0.2	2.1	(2.2)	0.7	1.5
Income tax	(2.8)	(2.3)	(2.2)	(1.7)	(2.0)	Revenue per division					
Result of discontinued operations	(0.0)	(0.2)	(0.1)	(0.2)	-	Europe	53.2	48.9	43.9	39.1	37.9
Net result	7.9	6.1	5.9	5.2	3.6	Americas (in USD)	36.1	32.4	34.1	31.6	29.6
Statement of financial position						Asia (in USD)	18.7	17.2	14.0	11.6	11.0
Total assets	63.2	57.8	50.2	49.4	45.3	Ratios					
Total equity	47.1	41.8	36.7	35.9	32.1	Return on Sales (ROS)	10.6%	9.6%	9.8%	9.3%	7.7%
Interest-bearing debt	-	-	-	-	1.1	Solvency ⁴	74.5%	72.3%	73.1%	72.7%	70.9%
Working capital ¹	21.3	19.4	17.2	14.3	13.4	Return on Investment (ROI) ⁵	27.0%	24.0%	25.2%	24.2%	20.0%
Invested capital ²	39.9	36.6	32.6	29.7	28.5	Working capital in % of revenue	21.0%	21.3%	20.6%	18.5%	18.2%
Cash	7.7	7.4	5.3	7.5	6.8	Market capitalisation as at March, 31	68.8	65.7	76.6	59.8	39.1
						Number of shares outstanding	860,351	860,351	860,351	860,351	860,351

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.

INVESTOR RELATIONS

Profit Appropriation and Dividend Policy

As of 2016/2017, 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%. Due to the specific circumstances caused by COVID-19 we deviate from the baseline, therefore our proposal is not to pay any dividend related to financial year 2019/2020 due to the high uncertainty of the COVID-19 crisis.

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. As of 2017/2018, the company no longer publishes updates on the first and third quarters. Non-public information is published in the form of press releases which are also posted on our website and social media.

Please refer to the next page for the full financial calendar.

NIBC Markets served as our Liquidity Provider until March 1, 2020

Holland Colours shares are traded on the Euronext Amsterdam stock exchange, classified under small caps and with a limited free float. NIBC Markets in Amsterdam has been appointed as the liquidity provider (LP) in order to increase marketability. This means that NIBC Markets acts in the market as a counterparty for buy-or-sell orders, whereby the bid and offer prices are set according to a range around the last traded price.

The NIBC bank announced in early 2020 that it would be discontinuing all of its capital market activities. Effective March 1, 2020, Holland Colours can no longer make use of the banks' liquidity and sponsored research services.

Holland Colours decided to continue without LP and without sponsored research and will assess the situation towards the end of calendar year 2020.

Share Ownership

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

Shares traded on Euronext Amsterdam	423,738
Holland Pigments BV ¹	434,048
Registered shares	2,565
Total	<u>860,351</u>

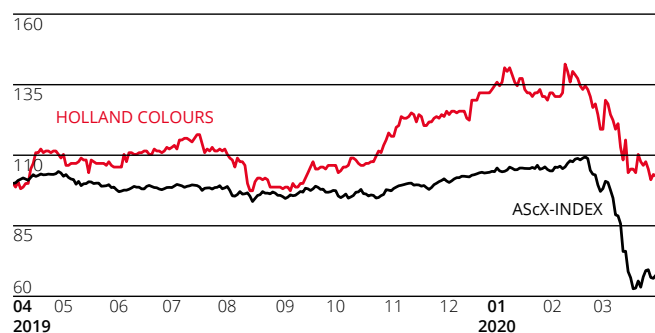
As at March 31, 2020, the following substantial interests (>3%) were recorded in the registers of the AFM (Netherlands Authority for the Financial Markets) based on the Decree on the Disclosure of Major Holdings and Capital Interests in Issuing Institutions in accordance with the Netherlands Financial 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
ELNED Holding BV	5.00	March 4, 2013
Lazard Frères Gestion	6.97	February 13, 2014
Waag & Zübert Value AG	3.84	August 24, 2016
Axxion S.A.	5.55	April 5, 2017
P.Chr. Van Leeuwen Beheer BV	5.06	August 7, 2019

¹ Please refer to page 39 Employee Participation. Based on our internal register, Holland Pigments BV holds 50.45% of the shares in Holland Colours NV.

SHARE PRICES – HOLLAND COLOURS VERSUS ASCX

April 1, 2019 = 100



SHARE PRICES – HOLLAND COLOURS

In euros



PUBLICATIONS (PRESENTED TO AFM)

Holland Colours published the following press releases in the 2019/2020 financial year:

June 4, 2019	Publication of 2018/2019 financial statements
July 16, 2019	Resolutions adopted by the Annual General Meeting of Shareholders
October 1, 2019	CFO Margret Kleinsman announces her resignation
October 24, 2019	Publication of interim results 2019/2020

KEY DATA PER SHARE

In euros, unless stated otherwise

	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
Net result	9.09	7.04	6.78	6.03	4.23
Dividend	–	3.52	3.39	3.01	2.15
Equity	54.47	48.58	42.66	41.71	37.26
Highest share price	111.00	94.20	94.20	71.71	52.30
Lowest share price	76.00	74.00	66.25	45.00	39.90
Number of shares outstanding	860,351	860,351	860,351	860,351	860,351

KEY DATES

July 16, 2020	Annual General Meeting of Shareholders
October 27, 2020	Publication of interim results 2020/2021
June 3, 2021	Publication of 2020/2021 financial statements
July 15, 2021	Annual General Meeting of Shareholders

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17. Inventory	66	41. Long-Term Debt	80
18. Trade and Other Receivables	66	42. Employee Benefit Obligations	80
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CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros	Note	April 1, 2019/March 31, 2020	April 1, 2018/March 31, 2019
Revenue	7	101,539	90,902
Cost of materials		(55,772)	(50,448)
Direct contribution margin		45,767	40,454
Personnel Expenses	8	(20,186)	(18,313)
Amortization and Impairments	13	(142)	(121)
Depreciation and Impairments	14/15	(2,747)	(1,784)
Other Operating Expenses	8	(11,904)	(11,469)
Total Operating Expenses		(34,979)	(31,687)
Operating Result		10,788	8,767
Finance Income	10	20	35
Finance Expense	10	(103)	(102)
Finance Income and Expense		(83)	(67)
Result Before Income Tax		10,705	8,700
Income Tax	11	(2,784)	(2,333)
Net Result from Continued Operations		7,919	6,367
Discontinued Operations	12	(23)	(238)
Net Result after Discontinued Operations		7,896	6,129
Attributable to:			
• Shareholders of the Company		7,823	6,053
• Non-controlling Interest	23	73	76
		7,896	6,129
Earnings per Share in euros			
Average Number of Shares Issued	22	860,351	860,351
Earnings per Share from Continued Operations		9.12	7.40
Earnings per Share from Total Net Result		9.09	7.04

Notes 1 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros	Note	April 1, 2019/March 31, 2020	April 1, 2018/March 31, 2019
Net Result		7,896	6,129
Items that will not be reclassified to the Income Statement			
Actuarial results on Employee Benefits, after Tax	26	(56)	(80)
Other Comprehensive Income that could in future be classified to the Income Statement			
Foreign Currency Translation Differences	21	392	1,943
Other Comprehensive Income and Expenses		336	1,863
Total Comprehensive Income		8,232	7,992
Attributable to:			
• Shareholders of the Company		8,159	7,916
• Non-controlling Interest		73	76
		8,232	7,992

Notes 1 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED

BALANCE SHEET

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros	Note	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Non-Current Assets			
Intangible Assets	13	280	476
Property, Plant and Equipment	14	20,398	18,150
Deferred Tax Assets	16	1,318	1,696
Right-of-Use Assets	15	1,425	-
Long-Term Receivables		80	-
		23,501	20,322
Current Assets			
Inventory	17	12,782	12,533
Trade and Other Receivables	18	18,857	17,278
Income Tax Receivables		396	183
Cash and Cash Equivalents	19	7,666	7,434
		39,701	37,428
Total Assets		63,202	57,750

In thousands of euros	Note	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Equity			
Share Capital	20	1,953	1,953
Share Premium Reserve		1,219	1,219
Other Reserves	21	594	379
Retained Earnings		43,091	38,088
Equity Attributable to Shareholders of the Company	23	46,857	41,638
Non-Controlling Interest		233	160
Total Equity		47,090	41,798
Non-Current Liabilities			
Long-Term Debt	24	-	-
Lease Liabilities	25	565	-
Employee Benefit Obligations	26	1,134	1,211
Deferred Tax Liabilities	16	271	-
		1,971	1,211
Current Liabilities			
Lease Liabilities	25	878	-
Trade and Other Liabilities	27	12,414	13,359
Income Tax Liabilities		762	1,298
Employee Benefit Obligations	26	87	84
		14,141	14,741
Total Equity and Liabilities		63,202	57,750

Notes 1 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros

Equity attributable to Shareholders of the Company

	Share Capital	Share Premium Reserve	Foreign Currency Translation Reserve	Hedge Reserve	Legal Reserve for Intangible Assets	Retained Earnings	Total	Non-Controlling Interest	Total Equity
As at March 31, 2018	1,953	1,219	(1,614)	(353)	382	35,048	36,635	84	36,719
Net Result for the Financial Year	-	-	-	-	-	6,053	6,053	76	6,129
Other Comprehensive Income	-	-	1,943	-	-	(78)	1,865	-	1,865
Total Comprehensive Income	-	-	1,943	-	-	5,975	7,918	76	7,994
Transfer of Reserve for Intangible Assets	-	-	-	-	20	(20)	-	-	-
Change of Capital	-	-	-	-	-	-	-	-	-
Dividends paid over prior year	-	-	-	-	-	(2,916)	(2,916)	-	(2,916)
As at March 31, 2019	1,953	1,219	329	(353)	402	38,088	41,638	160	41,798
Net Result for the Financial Year	-	-	-	-	-	7,824	7,824	73	7,897
Other Comprehensive Income	-	-	392	-	-	36	428	-	428
Total Comprehensive Income	-	-	392	-	-	7,860	8,253	73	8,326
Transfer of Reserve for Intangible Assets	-	-	-	-	(176)	176	-	-	-
Change of Capital	-	-	-	-	-	-	-	-	-
Dividends paid over prior year	-	-	-	-	-	(3,033)	(3,033)	-	(3,033)
As at March 31, 2020	1,953	1,219	721	(353)	226	43,091	46,857	233	47,090

Notes 1 to 30 are an integral part of these consolidated financial statements.

CONSOLIDATED

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros	Note	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Operating Result		10,788	8,767
Adjustments for:			
• Amortization of Intangible Assets and Impairments	13	142	121
• Depreciation of Property, Plant and Equipment and Impairments	14/15	2,747	1,784
• Changes in Provisions	26	(82)	(63)
• Exchange-rate Differences		(80)	143
Cash Flow from Operating Activities before Changes in Working Capital, Tax and Interest		13,515	10,752
Changes in Working Capital		(2,774)	(1,465)
Income Tax Paid		(2,831)	(1,270)
Interest Received		20	35
Interest Paid		(103)	(102)
Cash Flow from Operating Activities from Continued Operations		7,827	7,949
Cash Flow from Operating Activities from Discontinued Operations	12	(23)	(219)
Cash Flow from Operating Activities		7,804	7,730

In thousands of euros	Note	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Proceeds from Asset Disposals	14	–	19
Capital Expenditures in Intangible Assets	13	(3)	(124)
Capital Expenditures in Property, Plant and Equipment	14	(4,290)	(2,819)
Cash Flow from Investment Activities		(4,293)	(2,924)
Dividend Paid		(3,033)	(2,916)
Cash Flow from Financing Activities		(3,033)	(2,916)
Exchange-rate and Translation Differences on Cash and Cash Equivalents		(246)	207
Net Cash Flow		232	2,096
Cash and Cash Equivalents as at April 1		7,434	5,338
Cash and Cash Equivalents as at March 31		7,666	7,434
Net Cash Flow	19	232	2,096

Notes 1 to 30 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 Halvemaanweg 1, 7323 RW Apeldoorn the Netherlands (Chamber of Commerce: 08036180).

The Company and its subsidiaries ('the Group'), manufacture, distribute, and sell color concentrates. As of 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 are held by the Dutch based investment company Holland Pigments BV, in which among others all employees of Holland Colours participate. The current and retired employees collectively hold approximately 25% of the shares in Holland Pigments BV. Participations in Holland Pigments by former directors (also being 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.

The 2019/2020 consolidated financial statements were discussed in the Supervisory Board meeting on June 4, 2020, and released for publication on the same day. The financial statements will be presented for approval to the Annual General Meeting of Shareholders on July 16, 2020.

The Company financial statements form part of the 2019/2020 financial statements of the Company.

2. Impact of COVID-19

The first signs of the global COVID-19 pandemic became apparent in China late 2019. We realized that this could become a threat to our business when, in early 2020, export orders from our Indonesian subsidiary to China were postponed until further notice. Since then, the virus has spread globally with an unimaginable pace and impact.

We were relatively early in introducing precautionary measures: we announced global travel restrictions in mid-February, and by the first week of March we had set up a global crisis team. The health of our employees and their loved ones is paramount. We took all necessary actions to ensure our operations would continue running and to secure supply to our customers. The measures we took in each division (Europe, Americas and Asia) are largely comparable. Also, all our companies are following the instructions of their national authorities closely. Management implemented remote working policies for a large number of employees and since then the

essential workers that remain on the job maintain distance from one another and work in different shifts. Furthermore, we ensured the availability and supply of raw materials. Since early March we have stayed in close contact with our suppliers, continuously monitored and analyzed changes in availability, and have done our utmost to secure continuity of all operations.

We will consider using COVID-19 government assistance programs if, when and where our business deteriorates and in case we would be eligible under national legislation.

Market developments are very hard to predict in the current environment: the signals differ widely by division, by segment and also over time. The expected global recession is very likely to lead to a slowdown in revenue. How severe the expected global economic recession will be is unclear. Demand in Packaging, especially for food, hygiene and health and personal care, is expected to remain at an acceptable level. For example, exports for the packaging market in China were on hold for two months early this year before returning to normal levels. We do, however, expect a global decline in building & construction and coatings segments. It is difficult to anticipate and understand the events that could potentially have an impact on our business. Various types of government measures implemented in response to COVID-19 and with different levels of severity can and will affect our business. The international availability of raw materials, logistics and transportation remains uncertain and will also have an impact. In anticipation

of the expected drop in revenue, the company decided in early April to implement a very restrictive expenditure and investment policy worldwide. Additional measures will be taken depending on developments, which may vary by subsidiary.

With uncertainties remain we have prepared different scenario's how COVID-19 could affect our business. The analyses cover the period until June 2021. All scenario's result in a slowdown of revenue, operational results and free cash, but due to extra measures such as further cost reductions and capex reductions, even in the severe-case scenario the company will have access to sufficient liquidity to fulfill its current and future obligations for at least twelve months as of June 4, 2020. Our interest-bearing debt free balance sheet position and the reconfirmed stand-by credit facility with our bank supports our liquidity position.

Whilst uncertain and even though it is not reasonably possible to estimate the future impact, we do not believe that the impact of the COVID-19 virus will have a material adverse effect on our financial condition or liquidity. We therefore believe that the accounting principles can be maintained on a going concern basis. The principles of valuation and determination of results used in these financial statements are therefore based on the assumption of continuity of the company.

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, except for derivative financial instruments, which are stated at their fair value.

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

The Group applies IFRS 8 Operating Segments. The segmentation is divisional based on the regions where the Group operates which relates to the Group's management and internal reporting structure. Segmentation based on markets where the Group operates requires significant more profit allocation due to the fact several products are applicable for more than one market which makes the cost for accounting ineffective.

New standards became effective and were adopted by the Group for the first time in the 2019/2020 financial year. The changes in the IFRS standards with significant impact shown in the table below are effective for Holland Colours from April 1, 2019. The adoption and impact is explained separately.

IFRS	Topic	Effective date
IFRS 16	Lease and Rental Obligations	January 1, 2019

IFRS 16 – Lease and Rental Obligations

IFRS 16 replaced the current accounting standards regarding to leases and demands an on-balance sheet accounting model for operational leases and rental contracts, as already in place with the current financial lease accounting. As a result, the Group recognized the rights to use as an asset and the related lease liability as an obligation. The Group decided to use the modified retrospective option. Next to that, the Group has chosen to determine the asset base equal to the lease liability. The incremental borrowing rate used is based on the combination of asset type from the Group's lease portfolio and the country where the asset is leased, the weighted average incremental borrowing rate applied is 4.2%.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- Excluding initial direct costs for the measurement of the Right-of-Use Asset at the date of initial application;
- Leases of low-value objects are recognized as expenses;
- For Buildings the non-lease components are excluded from recognition.

The standard applies on the annual reporting periods beginning on or after January 1, 2019, with earlier adoption permitted. The Group adopted the standard for the financial year beginning as of April 1, 2019.

Measurement of Lease Liabilities

The Lease Liability recognized as at April 1, 2020 is as follows derived from the operating lease commitments disclosed as at March 31, 2019.

Operating lease commitments disclosed as at March 31, 2019	1,302
Add: adjustment for Lease Liabilities not recognised as at March 31, 2019	336
Subtotal	1,638
Discounted using the lessee's incremental borrowing rate at April 1, 2019	(270)
Add: new contracts as per April 1, 2019	211
Lease Liability recognised as at April 1, 2019	1,579

Impact adoption IFRS 16

The impact on the consolidated financial statements for the year ending March 31, 2020 shown in the table below.

In thousands of euros	This year before IFRS 16	Impact IFRS 16	This year as reported
Other Operating Expenses	(12,540)	636	(11,904)
Depreciation and Impairments	(2,141)	(606)	(2,747)
Operating Result	10,758	30	10,788
Net Financial Expenses	(53)	(30)	(83)
Net Result	7,898	(1)	7,897
Non-current Assets	22,075	1,425	23,500
ROI %	27.75	(0.71)	27.04
Solvency %	75.72	(1.21)	74.51

Other IFRS changes

The following changes in the IFRS standards that have been issued and are effective as of January 1, 2019. These changes do not have a material impact for the Group.

IFRS	Topic	Effective date
IAS 19	Employee Benefits	January 1, 2019
IAS 28	Investments in Associates and Joint Ventures	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IFRS 3 and IFRS 11	Annual improvements 2015-2017 cycle	January 1, 2019

New standards that will become effective for the first time after the 2019/2020 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, 2020. The impact of these changes for the Group is expected to be limited.

IFRS	Topic	Effective date
IFRS 9	Interest Rate Benchmarks	January 1, 2020
IFRS 3	Definition of Business	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2021

Significant Estimates

In the preparation of the consolidated financial statements, the Board of Management applied estimates and assumptions to several areas that could have an impact on the amounts

included in the consolidated financial statements. Changes in estimates and assumptions may affect the amounts to be reported in subsequent years, and actual outcomes may differ from the estimates made. Revisions of estimates are included in the period in which the estimates are revised and in the future periods they might affect. The most important estimates are stated under the relevant policies, and relate to impairment analysis of Property, Plant and Equipment and the valuation of Inventories.

Consolidation Principles

The Company's consolidated financial statements for the 2019/2020 financial year include the financial data of the Company and all of the subsidiaries in which the Company directly or indirectly has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to control those returns through its power to direct the activities of the entity. Subsidiary companies are consolidated from date of acquisition, which is the date on which actual control of the acquired entity is obtained; consolidation continues until the date on which actual control ceases to exist. The consolidated financial statements include the financial data of the following companies:

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

** Holland Colours China Ltd in China is in liquidation as of February 15, 2017. The liquidation is completed as of May 31, 2019.

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

Legal structure including capital interest and division structure

Division	Subsidiaries	Interest	Consolidated
Europe	Holland Colours Europe BV, the Netherlands	100%	100%
Europe	Holland Colours UK Ltd, United Kingdom	100%	100%
Europe	Holland Colours Hungária Kft, Hungary	100%	100%
Americas	Holland Colours Canada Inc., Canada	100%	100%
Americas	Holland Colours Americas Inc., United States	100%	100%
Americas	Holland Colours Mexicana SA de CV, Mexico	100%	100%
Asia	PT Holland Colours Asia, Indonesia*	99%	100%
Asia	Holland Colours China Ltd, China**	100%	100%
Asia	PT Holco Indo Jaya, Indonesia***	88%	100%

There were no significant changes to the consolidation Group from the 2018/2019 financial year.

Holland Colours NV and PT Holland Colours Asia jointly own 88% of the shares in PT Holco Indo Jaya while the Italy-based Gaypa Srl holds the remaining 12% (12% in 2018/2019). 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.

The subsidiary Holland Colours Europe BV makes use of the exemption to file financial statements under Section 403 of the

Dutch Civil Code. The subsidiary Holland Colours UK Ltd makes use of the exemption regarding the mandatory audit of financial statements under Section 479A of the Companies Act 2006.

In the consolidated financial statements, all intercompany receivables, payables and deliveries are fully eliminated as well as 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

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros, the Company's functional and presentation currency.

Transactions in foreign currency are translated to the functional currency at the rate of exchange on the transaction date. All monetary assets and liabilities expressed in foreign currency are converted to the functional currency at the exchange rate that applies at balance sheet date. Foreign exchange differences arising from conversion and settlement are recognized in the Income Statement.

Assets and liabilities of Group companies with a functional currency other than the euro are converted at the exchange rate that applies at balance sheet date. The Income Statement for these Group companies are converted at the average exchange rate during the financial year. The resulting 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 rates of the main currencies against the euro are as follows:

Exchange rates used

in EUR	At close		Average	
	March 31, 2020	March 31, 2019	2019/2020	2018/2019
US dollar	1.10	1.12	1.11	1.16
British pound	0.89	0.86	0.87	0.88
Canadian dollar	1.56	1.51	1.48	1.52
Chinese yuan	7.80	7.56	7.73	7.76
Mexican peso	26.21	21.64	21.60	22.40

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.

Grants

Government grants to compensate for expenses incurred by the Group are systematically recognized as income in the Income Statement, if it is reasonably certain that the grant will be received and that all the conditions attached to the grant will be met.

Grants to compensate the Group for the purchase of an asset are included in the Income Statement during the useful life of the asset. If the grant relates to a (future) expense item, it is recognized as income and allocated over the same period to which the cost is spent.

Lease Payments

Lease accounting under IAS 17 applicable till financial year 2018/2019, leases were classified as either financial or operating leases. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operational leases. Leases of Property, Plant and Equipment, where the Group has assumed virtually all the risks and rewards associated with the ownership of an asset, are classified as financial leases.

Lease accounting under IFRS 16, the Group has changed the accounting policy for leases where the Group is the lessee. The Group follows the same accounting policies for both types of leases since the adoption of the replaced standard for Lease and Rental Obligations (IFRS 16).

In line with the IFRS standard 16 – Lease and Rental Obligations – the leases are recognized as an 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 Lease Liabilities. The Group applies judgement in evaluating the term of lifetime of a lease. Judgement has to be made whether it is reasonably certain to exercise an option to renew or terminate a lease. Based on these judgements the non-cancelable term of the lease is determined. If the Group expects the expiring date of the current contract will not be the actual end date, the lease obligation is determined including extension periods. This could be applicable on building rents for example.

The Group uses the practical expedients for a single incremental borrowing rate per portfolio of leases, leases of low-value objects, and non-lease components are excluded for buildings. The non-lease components does not apply to fuel costs of vehicles, because fuel costs are no part of the lease term.

The Group used 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 over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the Right-of-Use Asset in similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they 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 4.2%.

The Assets right-of-use will be depreciated with the straight-line method over the life time period in line with the duration of the contract. The net present value of the obligation will be calculated with 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.

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.

Taxation

Income Tax Expenses represent the sum of the current tax payable and paid and changes in the deferred tax positions. 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. The Board of Management assesses the positions taken in the tax returns for those situations where the applicable tax regulations can be interpreted in different ways. Provisions are formed where deemed necessary.

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 principally 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 and the Group has sufficient resources to complete its development and it is expected that future gains will be generated. The capitalized expenses comprise of 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 that 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 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 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, as well as 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 on the basis of the estimated useful life of each component of items of Development Costs and Other Intangible Assets. 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 suffered a loss in 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 either adjusting 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 and on initial recognition 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

The lease and rental agreements as included in the updated standard for Lease and Rental Obligations (IFRS 16) are classified as Assets right-of-use. Property, Plant and Equipment acquired by means of leases or rentals is at the moment of capitalization measured with the net present value of the lease payments.

The depreciation period for Assets right-of-use is based on duration of the underlying lease or rental contract. The depreciation method is straight-line.

The depreciation period and method for Assets right-of-use 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 either adjusting the depreciation period or method. These are treated as changes in accounting estimate.

Low value leases, below EUR 5,000 per underlying asset are not recognized in the right of use assets and lease liabilities. Lease payments on 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 and not recognized in the balance sheet.

* Depends on the duration of contract and expectation of possible extensions with same object.

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 recoverable amount 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 recoverable amount of the asset concerned is estimated based on either the directly realizable value or the value in use to the Company. The impairment test is principle 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, geo expansion opportunities, 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 will be performed for growth assumptions, scenario based adjustments to the free cash flow forecast and 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 then applicable depreciation.

Deferred Income Tax

A receivable is recognized or a provision is formed for deferred tax positions 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 (partially) reduced if and when it is not probable 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 expected to apply in the period in which the asset is realized or the liability is settled, at the tax rates (and tax law) substantially enacted at balance sheet date.

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.

Deferred Tax Assets and Liabilities shall be 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 certain 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 valued 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 based on normal capacity, or at realizable value if lower. The net realizable value compromises the estimated selling price in the normal course of the business, less the estimated costs for completion and estimated costs necessary to make the sale. The estimated selling price is based on actual selling prices and recent history of sales information per product. Aging of products is tracked and based on the aging management estimates the risk of obsolescence and adjusts 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 in line with the IFRS 9 standard.

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, in case these differences are substantial, the 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 the 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 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 classified as measured at amortized cost.

Share Capital

Share Capital is classified as Equity.

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 payment of predetermined premiums to an insurance company. Under these pension plans 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.

Other Employee Benefits

As a consequence of the termination of the pre-pension plan (including the transitional arrangement) for employees in the Netherlands, the originally agreed conditional financing of past service years was converted into an annual payment in the same amount, which 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, including jubilee payments, 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%) (2018/2019 0.5%) in accordance with the IBoxx Index Government bonds, and 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.

Interest-bearing Loans

Interest-bearing Loans are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, Interest-bearing Loans are valued at amortized cost, whereby a difference between the cost and the repayment value is recognized in the Income Statement on the basis of the effective interest method over the term of the loan. The effective interest is presented as interest expenses.

Lease Liabilities

The obligation arising from the lease and rental agreements as included in the updated standard for Lease and Rental obligations (IFRS 16) is classified as Lease Liabilities on the balance sheet. The Lease liabilities longer than 12 months are recognized under Non-current Liabilities, the Lease Liabilities shorter than 12 months are recognized under Current Liabilities. The 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, 2020, 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 the future cash flows based on market interest rates as at the reporting date. This fair value is determined for informative purposes.

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 credit risk, liquidity risk, interest rate risk and currency risks. 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 determines principles for overall risk management and provides policies for specific areas, such as currency risk, credit risk, liquidity risk, interest rate risk and translation risk, and the use of Derivative and Non-Derivative Financial Instruments. These principles or methods may vary by Group Company as a result of differing local market circumstances.

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 the transaction related exchange-rate exposure on the Group by a preference for invoicing in the functional currency of the supplying (in most cases regional) entity. Currency hedging on outstanding Accounts Receivables 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:

	2019/2020		2018/2019	
	Increase EUR-USD 10%	Decrease EUR-USD 10%	Increase EUR-USD 10%	Decrease EUR-USD 10%
Net Result after Tax	(519)	625	(523)	596
Equity	(2,356)	2,794	(2,040)	2,493

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

	Revenue		Expenses	
	2019/2020	2018/2019	2019/2020	2018/2019
Euro	46%	45%	42%	47%
US dollar	39%	37%	43%	37%
Other	15%	18%	15%	16%
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. The Board of Management has given strict guidelines to the divisions due to the COVID-19 crisis. The divisions monitor closely customer payment behavior and report the progress to the Board of Management on a weekly basis. Thanks to the 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. COVID-19 is such an exceptional situation. The Board of Management has given special attention to this topic and does not believe that the impact of the COVID-19 virus would have a material adverse effect of the liquidity of Holland Colours. The Trade and Other liabilities all fall due within one year. Based on the current situation, the Board of Management assesses the risk that Holland Colours will not be able to meet its Liabilities as low. 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 cash flow forecasting models

the Group tests whether the available credit facilities will cover the expected credit need. Based on the analyses, the Group believes that the current expected credit need is sufficiently covered.

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 capital structure of the company is based on the solvency. The solvency remains above 60% and is calculated by equity / total assets. In addition, the Group aims to finance the 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, and 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 presented using the indirect method. Cash flows in foreign currencies are converted at the exchange rate on the date of the cash flow, or based on averages. A distinction is made in the cash flow statement between cash flows from operating, investment, and financing activities.

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 with three operating units, each representing a region and the holding under Other representing 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 are 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 51% (2018/2019: 53%) and the USA accounted for 23% (2018/2019: 21%) 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.

Segments 2019/2020	Europe	Americas	Asia	Other	Adjustments/ eliminations	Total
Revenue	52,207	32,541	16,791	-	-	101,539
Intersegmental Transactions	1,015	25	24	-	(1,064)	-
Revenue Including Intersegmental Transactions	53,222	32,566	16,815	-	(1,064)	101,539
Depreciation, Amortisation and Impairments	(1,149)	(642)	(285)	(222)	(591)	(2,889)
Operating Result from Continued Operations	3,275	2,144	3,534	1,835	-	10,788
Operating Result from Discontinued Operations	-	-	(23)	-	-	(23)
Operating Result after Discontinued Operations	3,275	2,144	3,511	1,835	-	10,765
Financial Income	-	-	-	-	20	20
Financial Expense	-	-	-	-	(100)	(100)
Tax	-	-	-	-	(2,784)	(2,784)
Net Result	-	-	-	-	7,897	7,897
Non-current Assets	9,924	6,688	3,534	46,815	(43,460)	23,501
Current Assets	16,487	13,466	8,637	1,681	(570)	39,701
Liabilities	13,050	3,899	2,894	1,634	(5,365)	16,112
Total Investments	2,371	1,692	461	(289)	1,856	6,091
Average Number of Employees (in FTE)	207	99	103	16	-	425

Segments 2018/2019	Europe	Americas	Asia	Other	Adjustments/ eliminations	Total
Revenue	48,151	27,837	14,913	-	-	90,902
Intersegmental Transactions	773	128	1	-	(902)	-
Revenue Including Intersegmental Transactions	48,925	27,965	14,914	-	(902)	90,902
Depreciation, Amortisation and Impairments	(917)	(528)	(212)	(255)	7	(1,905)
Operating Result from Continued Operations	1,547	1,926	3,839	1,455	-	8,767
Operating Result from Discontinued Operations	-	-	(221)	-	-	(221)
Operating Result after Discontinued Operations	1,547	1,926	3,618	1,455	-	8,546
Financial Income	-	-	-	-	35	35
Financial Expense	-	-	-	-	(102)	(102)
Tax	-	-	-	-	(2,333)	(2,333)
Net result	-	-	-	-	6,129	6,129
Non-current Assets	8,690	5,719	3,253	34,139	(31,749)	20,322
Current Assets	15,886	11,344	7,386	7,654	(4,884)	37,386
Liabilities	13,610	2,696	2,569	1,468	(4,390)	15,952
Total investments	1,214	684	826	218	-	2,942
Average number of employees (in FTE)	204	96	100	19	-	419

7. Revenue

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

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Building & Construction	44,762	40,625
Packaging	34,230	28,890
Coatings, Sealants & Adhesives	13,428	12,160
Other	9,119	9,227
Total Revenue	101,539	90,902

8. Personnel Expenses

The table below shows the breakdown for Personnel Expenses.

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Wages and Salaries	(17,248)	(15,658)
Social Security	(1,993)	(1,825)
Pension Costs	(945)	(830)
Personnel Expenses	(20,186)	(18,313)

For the 2019/2020 financial year, an accrual for profit sharing of € 1,167 is included (2018/2019: € 1,003). This is included under Wages and Salaries. All employees in the Group are eligible to 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 29: Related Parties. The pension costs relate to defined contribution plans.

Wages and salaries in the 2019/2020 financial year include € 79 of government grants for innovation (2018/2019: € 109). A total of € – of the Personnel Expenses is capitalized (2018/2019: € 156); see also Notes 13 and 14. The Group decided to stop capitalization of Personnel Expenses.

In the 2019/2020 financial year, the average number of employees was 425 FTEs (2018/2019: 419 FTEs).

9. Other Operating Expenses

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

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Other Personnel	(2,543)	(2,339)
Travel and Accommodation	(1,588)	(1,614)
Maintenance	(1,525)	(1,382)
Energy	(1,178)	(1,152)
Consulting	(1,382)	(1,533)
Materials	(1,205)	(983)
Insurance	(572)	(454)
Other Costs	(1,911)	(2,012)
Other Operating Expenses	(11,904)	(11,469)

The Other Operating Expenses in the 2019/2020 year are affected by the adoption of the updated standard IFRS 16. In previous years the lease expenses were recognized under Other Costs while these costs are from now on divided in Depreciation, Finance Expense and Other Costs.

10. Finance Income and Expense

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Finance Income	20	35
Finance Expense	(103)	(102)
Finance Income and Expense	(83)	(67)

11. Income Tax

The main components of the Tax charge in the 2019/2020 financial year are shown in the table below.

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Consolidated Income Statement		
Corporate Income Tax due this year:		
• Current Income Tax	(2,680)	(2,356)
• Tax Incentive Programs, including Innovation Box	140	148
• Other Taxes, including Applied Withholding Tax	405	100
Deferred Tax:		
• In relation to the existence and reversal of temporary differences	(649)	(225)
Income Tax recognized in the Consolidated Income Statement	(2,784)	(2,333)

The Corporate Income Tax as recognized in the consolidated income statement amounts to € 2.8 mln versus € 2.3 mln last year. The deferred tax asset position was reduced with € 649 (also reduced in last year € 225). The main impact of the reduction relates to the finalization of the liquidation loss from Holland Colours China Ltd, valuation principles in the USA and adjusted regime for the Dutch innovation box. Please refer to note 16 as well. The Other Taxes mainly relate 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, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Result Before Income Tax	10,708	8,699
At the 25% rate applicable in the Netherlands	(25.0%) (2,677)	(25.0%) (2,175)
Effect of different tax rates in countries in which the Group operates	(0.0%) (3)	(1.4%) (122)
Adjustments of tax recorded in previous years	(2.0%) (209)	(3.1%) (270)
Expenses not tax-deductable	(0.6%) (63)	(0.8%) (73)
Tax Incentive Programs	1.3% 140	1.7% 148
Other Differences	0.3% 28	1.8% 159
Effective Tax Rate	(26.0%) (2,784)	(26.8%) (2,333)

12. Discontinued Operations

Operations from our China production entity discontinued per February 15, 2017. We have finished the liquidation process of the legal entity this year. Results relating to the closure and liquidation are recognized as results from discontinued operations.

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Other Operating Expenses	(23)	(238)
Operating Result	(23)	(238)
Net Result from Discontinued Operations	(23)	(238)

13. Intangible Assets

	Development costs	Other	Assets under Construction	Total
As at March 31, 2018				
Cost	1,846	1,749	53	3,648
Accumulated Amortization	(1,464)	(1,711)	-	(3,175)
Carrying Amount	382	39	53	473
Change in Asset Value				
Capital Expenditures	133	16	(25)	124
Carrying Amount of Disposals	-	-	-	-
Impairments	-	-	-	-
Amortization	(105)	(16)	-	(121)
Exchange-rate Differences	-	-	-	-
Balance	28	-	(25)	4
As at March 31, 2019				
Cost	1,979	1,765	28	3,772
Accumulated Amortization	(1,569)	(1,727)	-	(3,296)
Carrying Amount	410	38	28	476
Change in Asset Value				
Capital Expenditures	-	3	-	3
Disposals	(57)	(1,264)	-	(1,321)
Amortization of Disposed Assets	-	1,264	-	1,264
Impairments	-	-	-	-
Amortization	(127)	(15)	-	(142)
Exchange-rate Differences	-	-	-	-
Balance	(184)	(12)	-	(196)
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

The Company's total expenses for research and development were € 1,324 in the financial year (2018/2019: € 1,580). Of this amount, € - is capitalized (2018/2019: € 133), while the rest is included under Personnel Expenses, Depreciation, Amortization and Other Operating Expenses. Due to the new development structure of the research and technology department the Group does not apply to all the criteria for capitalizing development costs in line with IAS 38.57.

The amortization amounting to € 142 (2018/2019: € 121) is recognized under Amortization and Impairments in the consolidated Income Statement.

There were no impairments in the 2019/2020 financial year in relation to the capitalized development costs (2018/2019: € -).

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.

14. Property, Plant and Equipment

	Land and Buildings	Machinery and Equipment	Other	Assets under Construction	Total
As at March 31, 2018					
Cost	23,264	28,861	6,908	751	59,784
Accumulated Depreciation	(13,867)	(23,277)	(6,155)	-	(43,299)
Carrying Amount	9,396	5,585	753	751	16,485
Change in Asset Value					
Capital Expenditures	563	1,787	141	328	2,819
Carrying Amount of Disposals	(2)	(14)	(3)	-	(19)
Depreciation	(567)	(950)	(267)	-	(1,784)
Exchange-rate Differences	405	124	41	80	650
Balance	398	947	(88)	408	1,655
As at March 31, 2019					
Cost	24,229	30,759	7,087	1,159	63,234
Accumulated Depreciation	(14,434)	(24,227)	(6,422)	-	(45,083)
Carrying Amount	9,795	6,532	665	1,159	18,151
Change in Asset Value					
Capital Expenditures	775	5,189	408	(487)	5,885
Carrying Amount of Disposals	(367)	(5,763)	(2,530)	-	(8,660)
Depreciation of Disposed Assets	313	4,259	2,412	-	6,984
Depreciation	(674)	(1,210)	(255)	-	(2,139)
Exchange-rate Differences	99	63	7	8	178
Balance	146	2,538	41	(478)	2,247
As at March 31, 2020					
Cost	24,736	30,248	4,971	681	60,636
Accumulated Depreciation	(14,795)	(21,178)	(4,265)	-	(40,238)
Carrying Amount	9,941	9,070	706	681	20,398

The capital expenditures include € - (2018/2019: € 24) of capitalized Personnel Expenses. No impairments occurred in the 2019/2020 financial year (2018/2019: € -), while the asset count have led to Disposals. The main part of the Disposed Assets were already fully depreciated, the impact on book value of Property, Plant and Equipment was € 58 (2018/2019 € -). The Group has provided collateral with a maximum of € 770 (2018/2019: € 755) in the form of mortgage rights on buildings in Indonesia.

15. Right-of-Use Assets

With the adoption of IFRS 16 as per April 1, 2019 the Group recognized the Right-of-Use Assets on the Balance Sheet. The table below shows the movement of the new Asset category.

	Land and Buildings	Machinery and Equipment	Vehicles	Other	Total
As per April 1, 2019	522	193	861	4	1,579
Change in Asset Value					
New contracts	161	-	117	-	277
Depreciation	(147)	(138)	(326)	(3)	(613)
Other Adjustments	48	103	31	-	181
Balance	62	(35)	(178)	(3)	(154)
Carrying Amount	584	158	683	1	1,425

16. 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 realization is likely 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, 2019/ March 31, 2020		April 1, 2018/ March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Property, Plant and Equipment	230	233	229	-
Financial Non-current Assets	229	-	252	-
Inventories	201	-	175	-
Other Receivables	257	-	632	-
Employee Benefits	336	-	331	-
Other Liabilities	65	38	77	-
Tax Loss Carry-Forward	-	-	-	-
Balance of Assets and Liabilities	1,318	271	1,696	-
Settlement	-	-	-	-
Balance of Assets and Liabilities	1,318	271	1,696	-

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Change in net deferred tax		
Opening Balance	1,696	1,921
Recognized in Income Statement	(649)	(225)
Deferred Tax Assets/Liabilities	1,047	1,696

The deferred tax asset position was reduced with € 649 (also reduced in last year € 225) due to changes in tariffs (this year mainly relating to the loss from finalizing the liquidation of Holland Colours China Ltd), valuation principles (in the USA) and adjusted regime for the Dutch innovation box.

17. Inventory

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Raw Materials	6,470	7,180
Finished Goods	6,312	5,353
Inventory	12,782	12,533

The Income Statement includes an amount of € 51,890 (2018/2019: € 46,667) under the cost of materials for usage of inventory goods.

At March 31, 2020, the Provision for obsolete Inventory amounts to € 1,013 (March 31, 2019: € 962). Movements in the Provision for obsolete Inventory are shown below.

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Opening Balance	(962)	(1,114)
Plus: Additions to the Provision	(59)	25
Less: Impairments Charged to the Provision	8	166
Exchange-rate Differences	-	(39)
Closing Balance	(1,013)	(962)

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

18. Trade and Other Receivables

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Trade Debtors	16,800	15,627
Tax-related Receivables	1,066	587
Other Receivables	-	-
Prepaid Items	991	1,064
Trade and Other Receivables	18,857	17,278

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

	March 31, 2020	March 31, 2019
Not yet due	14,978	13,566
Overdue 0-30 days	1,295	1,670
Overdue 31-60 days	279	241
Overdue 61-365 days	174	145
Overdue 366 days or more	74	5
Exchange rate differences	-	-
Total	16,800	15,627

	March 31, 2020	March 31, 2019
Euro	8,878	8,514
US dollar	6,626	5,874
British pound	301	158
Other currencies	995	1,081
Total	16,800	15,627

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, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Opening Balance	(82)	(61)
Releases from or additions to the Provision	(117)	(23)
Less: write-off of Trade Debtors	–	–
Exchange-rate Differences	8	2
Closing Balance	(191)	(82)

19. Cash and Cash Equivalents

	March 31, 2020	March 31, 2019
Bank Balances	7,660	7,430
Cash Balances	6	4
Cash in Cash Flow Statement	7,666	7,434

The Cash and Cash Equivalents are freely available to the Company. The credit risk on Cash and Cash Equivalents is limited, since the counterparties are generally banks with high credit ratings as assigned by international credit rating agencies.

20. 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 2019/2020 or the 2018/2019 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.

21. Other Reserves

FOREIGN CURRENCY TRANSLATION RESERVE

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.

NET INVESTMENT HEDGE

Hedge accounting is applied to the net investment hedge of a USD 2.5 million loan which 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.

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.

22. Earnings per Share

Earnings per share allocated to shareholders (ordinary and diluted) in the 2019/2020 financial year amounted to € 9.09 (2018/2019: € 7.04). The calculation of the earnings per share at March 31, 2020 is based on the net result attributable to shareholders of € 7,824 (2018/2019: € 6,053) and the average number of shares issued in the 2019/2020 financial year of 860,351. The total number of issued shares did not change relative to March 31, 2019.

23. Non-controlling Interest

This concerns a non-controlling interest of 12% in the net asset value at March 31, 2020 of PT Holco Indo Jaya (2018/2019: 12%).

24. Credit Facility

The company does not have any long-term debt positions outstanding (March 31, 2019: also nil). Short term funding needs are covered with access to current account credit facilities of € 8,002 per balance sheet date (March 31, 2019: € 7,986). These facilities are provided by various international and local banks and have no expiration date. At the March 31st balance sheet date for both 2020 and 2019 the amount drawn was nil.

The bank agreements and collateral provided in relation to the Group's financing is limited to the right of pledge on assets, inventory and trade debtors in the Netherlands and mortgage rights on real estate in Indonesia with a maximum of € 770 (March 31, 2019: € 755).

25. Lease Liabilities

With the adoption of IFRS 16 as per April 1, 2019 the Group recognized the Lease Liabilities on the balance sheet. The table below shows the movement and breakdown of Non-current and Current Liabilities.

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Opening Balance	1,579	–
Less: Lease payments	(667)	–
Plus: New contracts	278	–
Other adjustments	253	–
Closing Balance	1,443	–

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Non-current Lease Liabilities	565	–
Current Lease Liabilities	878	–
Total	1,443	–

Maturity analysis – contractual undiscounted cash flows:

	March 31, 2020
Less than 1 year	118
Between 1 and 5 years	1,460
Longer than 5 years	–
Total	1,578

26. 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, which is also conditional. At March 31, 2020 the resulting liability amounts to € 392. On March 31, 2019 the liability was € 448.

LEGAL LIABILITY ON TERMINATION OF EMPLOYMENT - INDONESIA

This mainly relates to the legal liability for the payout in the event of termination of employment of Indonesian personnel. As of the reporting date, the primary actuarial assumptions are:

	March 31, 2020	March 31, 2019
Discount Rate	8.3%	8.0%
Expected Return Fund Capital Expenditures	8.3%	8.0%
Future Salary Increases	7.0%	7.0%
Average Remaining Period of Employment	9.20	16.04

Assumptions relating to future mortality rates are based on published statistical data and mortality tables. The mortality table used is the TMI 2011 (2018/2019: TMI 2011) table with a correction factor varying for age and gender. The total expected long-term Return on Investment amounts to 8.3% (March 31, 2019: 8.0%).

OTHER EMPLOYEE BENEFITS

The Other Employee Benefits item also includes a provision for future jubilee payments of € 274 (March 31, 2019: € 310) and other future payments of € 18 (March 31, 2019: € 18).

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

	Pre-pension plan the Netherlands	Legal Termination Employment plan Indonesia	Other Employee Benefits	Total
As at March 31, 2018	527	473	307	1,307
Additions	3	-	30	33
Withdrawals/Releases	(82)	(44)	(10)	(136)
Exchange rate Differences	-	50	1	51
As at March 31, 2019	448	479	328	1,255
Additions	-	51	18	69
Withdrawals/Releases	(56)	(4)	(51)	(111)
Exchange rate Differences	-	11	(3)	8
As at March 31, 2020	392	537	292	1,221

Of this total, the following amounts have been accounted for under Current Liabilities:

	Pre-pension plan the Netherlands	Legal Termination Employment plan Indonesia	Other Employee Benefits	Total
As at March 31, 2020	19	-	68	87
As at March 31, 2019	21	-	63	84

27. Trade and Other Liabilities

	March 31, 2020	March 31, 2019
Trade Creditors	8,948	8,714
Payables Regarding Other Taxes	349	425
Other Liabilities and Accruals	3,117	4,221
Trade and Other Payables	12,414	13,359

The Payables regarding Other Taxes mainly relates to sales tax.

The Trade and Other Payables item also includes profit share to be paid to employees of € 1,210 (March 31, 2019: € 994).

OTHER DISCLOSURES

IN THOUSANDS OF EUROS, UNLESS STATED OTHERWISE

28. Commitments and Contingencies

CAPITAL COMMITMENTS

The Group had entered into capital commitments regarding Property, Plant and Equipment as at balance sheet date of € 909 (March 31, 2019: € 196).

PURCHASE CONTRACTS

The total commitment resulting from raw material purchase contracts was € 2,388 (March 31, 2019: € 3,125).

LEASE AND RENTAL OBLIGATIONS

At balance sheet date the Group had outstanding commitments regarding leases and rentals, which are shown in the table below.

With the adoption of the updated standard IFRS 16 the commitments regarding leases and rentals have been recognized as Right-of-Use Assets on the balance sheet.

	March 31, 2020	March 31, 2019
Less than 1 year	–	671
Between 1 and 5 years	–	631
Longer than 5 years	–	–
Total	–	1,302

29. Related Parties

IDENTITY OF RELATED PARTIES

The related parties can be divided into the relations between the Group on the one hand 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. For the Chief Executive Officer and Chief Technology Officer, the bonus is up to three times the monthly salary in the event that 100% of the targets are achieved. For the Chief Financial Officer, the bonus is up to twice 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 2019/2020 financial year the Board of Management will receive such a payment. For 2019/2020 the Board of Management has achieved the bonus targets for 100%. An accrual for pay-out has been made.

The Company does not offer an option plan.

Holland Colours 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 state a term of appointment of four years and a severance payment which is in accordance with the recommendations of the Dutch Corporate Governance Code.

OTHER DISCLOSURES

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

Board of Management	C.W.H. Vinke		E.M.S. van Hamersveld		M.G. Kleinsman		R. Harmsen		Total	
	2019/2020	2018/2019 ¹	2019/2020	2018/2019	2019/2020 ²	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
Fixed Salary	326	298	185	173	179	220	–	76	690	767
Pension Expenses	25	19	19	14	23	17	–	5	66	55
Variable Elements ³	105	78	55	43	–	37	–	–	160	159
Non-recurring Payment	–	23	–	–	–	–	–	–	–	23
Total	456	418	259	230	202	274	–	81	916	1,004

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

	2019/2020	2018/2019
R. Zoomers	38	38
A.R. Doornbos	26	26
J. Klaus	26	26
G.H. de Heer	26	20
J.W. de Heer	–	7
M.G.R. Kemper	–	7
Total	116	124

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 balance sheet date the Dutch based Investment Company Holland Pigments BV held 434,048 (March 31, 2019: 434,043) shares in Holland Colours NV. Within Holland Pigments BV the active and retired employees collectively held approximately 25% of the shares of Holland Pigments.

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 39 for a further description of the activities of Holland Pigments. An amount of € 91 was accordingly paid to Holland Pigments BV in the 2019/2020 financial year (2018/2019: € 90). At balance sheet date, there is 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.

¹ Included for 11 months.

² Included for 9 months.

³ Due to the uncertainty of the COVID-19 crisis the members of the Board of Management have decided that the bonus part of their variable remuneration of year 2019/2020 will not be paid out in July 2020. The pay-out decision is delayed until there is sufficient clarity and certainty towards the development of the liquidity of Holland Colours.

30. 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 will take 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 will be purchased for the employee at the last calculated price of Holland Pigments BV shares. The remainder of the profit-sharing payment will be paid in cash to the employees by Holland Colours NV after the relevant statutory deductions are made.

A profit-sharing payment is applicable to the employees on the basis of the results in the 2019/2020 financial year.

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

	2019/2020	2018/2019
Number of shares in Holland Colours NV held by Holland Pigments BV		
Situation at April 1	434,043	432,402
Purchased by Holland Pigments BV	5	1,641
Situation at March 31	434,048	434,043
In euros		
Share price of Holland Colours NV at balance sheet date	80.00	76.40
Value	34,723,840	33,160,885

SUBSEQUENT EVENTS

No events took place after the reporting period that could materially affect the financial statements.

EMPLOYEE NUMBERS

During the 2019/2020 financial year, the Company employed an average of 425 FTEs (2018/2019: 419 FTEs). Of these, 140 FTEs (2018/2019: 140 FTEs) are employed in the Netherlands.

COMPANY

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

In thousands of euros	Note	April 1, 2019/March 31, 2020	April 1, 2018/March 31, 2019
Management Fees		7,156	6,266
Personnel Expenses	34	(2,278)	(2,297)
Amortization	36	(141)	(116)
Depreciation	37	(81)	(139)
Other Costs		(2,876)	(1,965)
Operating Result		1,780	1,749
Interest Income		25	31
Interest Expenses		-	-
Result before Tax		1,805	1,780
Income Tax	35	(527)	(668)
Result Subsidiaries	38	6,546	4,941
Net Result		7,824	6,053

COMPANY

BALANCE SHEET

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

BEFORE PROPOSED PROFIT APPROPRIATION

In thousands of euros	Note	March 31, 2020	March 31, 2019	In thousands of euros	Note	March 31, 2020	March 31, 2019
Non-current Assets				Equity			
Intangible Assets	36	277	475	Share Capital	39	1,953	1,953
Property, Plant and Equipment	37	1,242	1,605	Share Premium Reserve	39	1,219	1,219
Right-of-Use Assets		194	-	Statutory Reserves	39	594	379
Financial Non-current Assets	38	38,961	34,250	Retained Earnings	39	35,267	32,035
		40,674	36,329	Result for the Year	39	7,824	6,053
				Total Equity		46,857	41,638
Current Assets				Non-current Liabilities			
Receivables from Group Companies		6,906	235	Lease Liabilities		114	-
Other Receivables and Prepayments		194	186	Employee Benefit Obligations	42	56	81
Income Tax Receivables		-	-			170	81
Cash and Cash Equivalents		917	7,233	Current Liabilities			
		8,016	7,654	Payables to Group Companies		18	69
				Lease Liabilities		85	-
				Income Tax Liabilities		412	189
				Other Liabilities		1,148	2,007
						1,663	2,265
Total Assets		48,690	43,983	Total Equity and Liabilities		48,690	43,983

NOTES TO THE COMPANY FINANCIAL STATEMENTS

IN THOUSANDS OF EUROS, UNLESS STATED OTHERWISE

31. 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 per 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 participation in Group companies. Investments in consolidated subsidiaries are measured at net asset value.

The 2019/2020 Company financial statements have been presented to the Supervisory Board to be approved for publication on June 4, 2020. The financial statements will be presented to the Annual General Meeting of Shareholders for adoption on July 16, 2020.

32. 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.

33. Subsidiaries

INVESTMENTS IN SUBSIDIARIES

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

34. Personnel Expenses

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Wages and Salaries	(1,947)	(1,939)
Social Security	(150)	(183)
Pension Costs	(181)	(176)
Total Personnel Expenses	(2,278)	(2,297)

The average number of employees in the Company in the 2019/2020 financial year was 16 FTEs (2018/2019: 19 FTEs). For an explanation of the remuneration of management, please refer to Note 29, Related Parties, of the consolidated financial statements.

35. Income Tax

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Current Tax		
Current Year	22	(334)
Prior Years	(212)	(220)
Deferred Tax	(337)	(114)
Total Income Tax	(527)	(668)

36. Intangible Assets

	Development costs	Other	Assets under Construction	Total
As at March 31, 2018				
Cost	1,846	1,343	53	3,242
Accumulated Amortization	(1,464)	(1,309)	-	(2,773)
Carrying Amount	382	34	53	469
Change in Asset Value				
Capital Expenditures	133	16	(25)	122
Impairments	-	-	-	-
Amortization	(105)	(16)	-	(116)
Balance	28	-	(25)	6
As at March 31, 2019				
Cost	1,979	1,357	28	3,364
Accumulated Amortization	(1,569)	(1,320)	-	(2,889)
Carrying Amount	410	38	28	475
Change in Asset Value				
Capital Expenditures	-	-	-	-
Carrying Amount of Disposals	(57)	(1,264)	-	(1,321)
Amortization of Disposed Assets	-	1,264	-	1,264
Impairments	-	-	-	-
Amortization	(127)	(14)	-	(141)
Balance	(184)	(14)	-	(198)
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

The Company's total expenses for research and development were € 717 in the financial year (2018/2019: € 918). Of this amount € - (2018/2019: € 133) 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 € 141 (2018/2019: € 116) are included in the Amortization item in the Company financial statements.

Of this amount, no impairment of capitalized development costs (2018/2019: € -), while the asset count have led to disposals. The main part of the disposed Assets were already fully depreciated, the impact on book value of Intangible Assets was € 57 (2018/2019: € -).

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

37. Property, Plant and Equipment

	Land and Buildings	Machinery and Equipment	Other Capital Assets	Assets under Construction	Total
As at March 31, 2018					
Cost	3,805	1,748	625	10	6,188
Accumulated Depreciation	(2,749)	(1,298)	(484)	(11)	(4,542)
Carrying Amount	1,056	450	141	(1)	1,646
Change in Asset Value					
Capital Expenditures	-	97	-	-	97
Carrying Amount of Disposals	-	-	-	-	-
Impairments	-	-	-	-	-
Depreciation	(13)	(75)	(51)	-	(139)
Balance	(13)	21	(51)	-	(57)
As at March 31, 2019					
Cost	3,805	1,845	625	-	6,275
Accumulated Depreciation	(2,762)	(1,373)	(535)	-	(4,670)
Carrying Amount	1,043	471	90	-	1,605
Change in Asset Value					
Capital Expenditures	73	-	-	32	105
Carrying Amount of Disposals	(775)	(1,639)	(356)	-	(2,770)
Depreciation of Disposed Assets	751	1,259	369	-	2,379
Impairments	-	-	-	-	-
Depreciation	(13)	(16)	(47)	-	(77)
Balance	35	(396)	(34)	32	(363)
As at March 31, 2020					
Cost	3,102	206	269	32	3,610
Accumulated Depreciation	(2,024)	(130)	(213)	-	(2,368)
Carrying Amount	1,078	76	56	32	1,242

The costs of Depreciation and Impairments of € 77 (2018/2019: € 139) are included in the Depreciation item in the Company financial statements.

A part of the Tangible Assets have been transferred to the entity Holland Colours Europe BV for an amount of € 380 (2018/2019: € -). This amount is included under Disposals. Next to that the asset count have led to disposals. The disposed Assets were already fully depreciated, the impact on book value of Property, Plant and Equipment was € - (2018/2019: € -).

38. Financial Non-current Assets

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

	March 31, 2020	March 31, 2019
Investments in Subsidiaries	38,221	32,855
Other Financial Assets and Deferred Tax Assets	739	1,395
Financial Non-current Assets	38,961	34,250

The table below shows movements in the investments in subsidiaries.

	April 1, 2019/ March 31, 2020	April 1, 2018/ March 31, 2019
Opening Balance	32,855	28,491
Movements:		
• Capital Payments to Subsidiaries	–	–
• Result from Subsidiaries	6,634	5,274
• Change in Equity	(56)	(80)
• Dividends Declared	(1,604)	(2,774)
• Currency Translations	392	1,943
Closing Balance	38,221	32,855

Movements in the Other Financial Assets and Deferred Tax Assets are shown below.

	Deferred Tax Assets	Other Financial Assets	Total
As at March 31, 2018	1,234	–	1,234
Additions	–	275	275
Withdrawals	(114)	–	(114)
Exchange rate Differences	–	–	–
As at March 31, 2019	1,120	275	1,395
Additions	–	–	–
Withdrawals	(381)	(275)	(656)
Exchange rate Differences	–	–	–
As at March 31, 2020	739	–	739

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 Changes in Equity, Notes 20 and 21 of the Consolidated Balance Sheet, as there are no differences between Company Equity and consolidated Equity.

40. Statutory Provisions regarding the Appropriation of Profits

REGARDING THE APPROPRIATION OF PROFITS, THE FOLLOWING IS DETERMINED IN THE ARTICLES OF ASSOCIATION

Article 21

1. 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.
2. 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.
3. 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.
4. 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.
5. Claims for profit distribution expire after a period of five years from the date on which the dividends were made payable.
6. 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.

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 41 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.

41. Long-Term Debt

The Company has an available credit facility in the Netherlands of € 7,000 (March 31, 2019: € 7,000). Per end of March 2020, the Company has not used this credit facility and no collaterals have been provided.

42. Employee Benefit Obligations

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

The liabilities regarding employee benefits also include the item Other Employee Benefits, which relates to a provision for future jubilee payments of € 7 (March 31, 2019: € 7) and other future payments of € – (March 31, 2019: € –).

Movements in the Employee Benefit Obligations were as follows:

	Pre-pension plan the Netherlands	Other Employee Benefits	Total
As at March 31, 2018	120	14	134
Additions	–	–	–
Withdrawals	(28)	(7)	(35)
As at March 31, 2019	92	7	99
Additions	–	–	–
Withdrawals	(19)	–	(19)
As at March 31, 2020	73	7	80

The following amounts have been accounted for as current under Other Liabilities and deferred charges:

	Pre-pension plan the Netherlands	Other Employee Benefits	Total
As at March 31, 2020	19	5	24
As at March 31, 2019	24	–	24

43. Audit Fees

In the 2019/2020 financial year, the following audit fees were charged by the independent auditor, PricewaterhouseCoopers Accountants NV to the Income Statement in accordance with Section 382a Title 9 Book 2 of the Dutch Civil Code.

	2019/2020	2018/2019
Audit of the Financial Statements	261	249
Other Audit Services	–	–
Tax Services	–	–
Other Non-audit Services	–	–
Audit Fees	261	249

The total costs of PricewaterhouseCoopers Accountants NV amount to € 180 (previous year: € 169). The remaining € 81 were charged to the Company by other PwC network entities.

44. Other Information

LEASE AND RENTAL OBLIGATIONS

At balance sheet date the Company had outstanding commitments regarding leases and rents, as shown in the table below. With the adoption of the updated standard IFRS 16 the commitments regarding leases and rentals have been recognized as Assets right-of-use on the consolidated balance sheet.

	March 31, 2020	March 31, 2019
Less than 1 year	–	88
Between 1 and 5 years	–	117
Longer than 5 years	–	–
Lease and Rental Obligations	–	205

SUBSEQUENT EVENTS

No events took place after the reporting period that could materially affect the financial statements.

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.

OTHER INFORMATION

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.

Apeldoorn, June 4, 2020

Board of Management

Coen Vinke
Elco van Hamersveld

Supervisory Board

Roland Zoomers
Gert-Hein de Heer
Aukje Doornbos
Jorrit Klaus

OTHER INFORMATION

Independent auditor's report

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

REPORT ON THE FINANCIAL STATEMENTS 2019/2020

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 2020 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 2020 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 2019/2020 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 31 March 2020;
- the following statements for 2019/2020: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement; and
- the notes, comprising the significant accounting policies and other explanatory information.

The Company financial statements comprise:

- the company balance sheet as at 31 March 2020;
- the company income statement for the year then ended;
- the notes, 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 assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

Holland Colours N.V. manufactures, distributes and sells colour concentrates. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out 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. Additionally, we performed audit procedures on the potential effects of COVID-19, as explained 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 note 2 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.

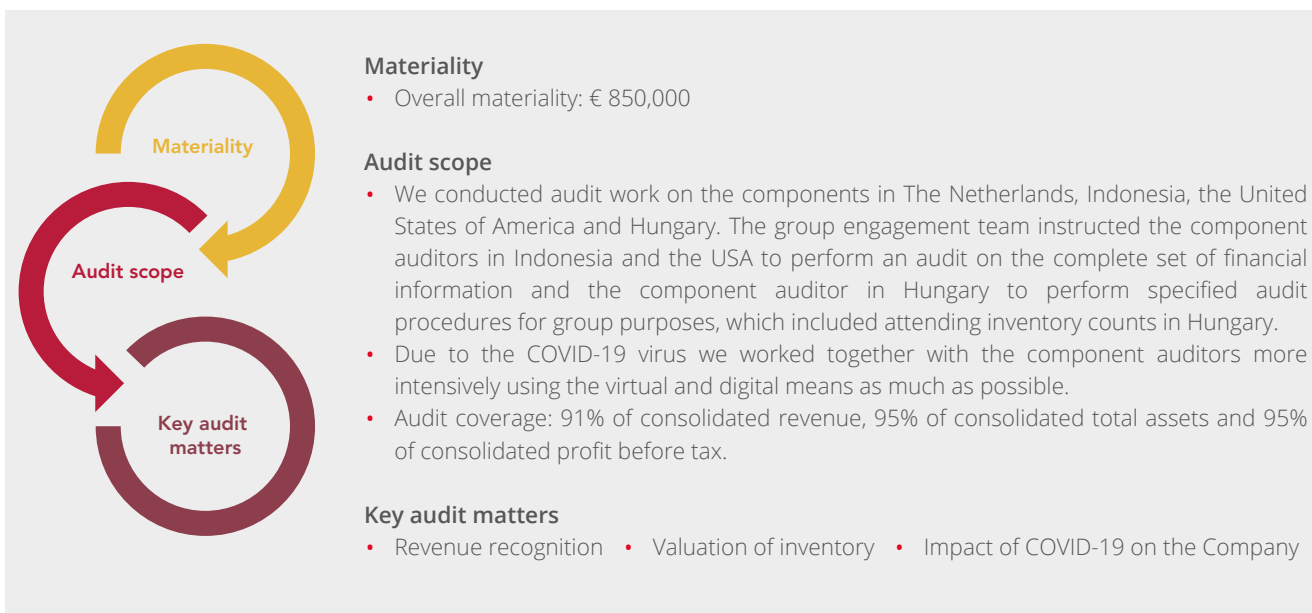
Given the impact of the COVID-19 pandemic on society and the significant impact expected on the global economy, the Company is going through an unpredictable period for which the long-term effects are uncertain. The impact of COVID-19 on the Company's consolidated financial statements is considered a key audit matter as well. An explanation of our assessment and our audit procedures is described in the section 'Key audit matters' of this report.

Holland Colours N.V. adopted IFRS 16 Leases in 2019/2020 and now accounts for operating leases on-balance. This change in IFRS led to an increase in assets, liabilities, interest expenses and depreciation, with general and administrative expenses declining. We included the new lease accounting standard as an audit focus area in 2019/2020, which is not considered to be a key audit matter.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a production company. We therefore included specialists in the areas of IT in our team.

The outline of our audit approach was as follows:

As in all our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of management that may represent a risk of material misstatement due to fraud.



Materiality

The scope of our audit is 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.

During the planning stage, we had open discussions with the audit committee regarding the materiality to be used in our audit. In our view, using the net revenue from continuing operations as a benchmark in determining the materiality, instead of net profit before tax from continuing operations as we used in prior years, is more suitable given the focus on revenue growth of the company and the investments in the execution of the strategy “Growing together 2023”. From a stakeholders’ perspective, the long-term horizon and any growth of the company is more appropriately captured through a consideration of net revenue from continuing operations.

Overall group materiality	€ 850,000 (2018/2019: € 435,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 0.85% of net revenue from continuing operations rounded to € 850,000. In 2018/2019 our benchmark was 5% of profit before tax from continuing operations.
Rationale for benchmark applied	We assessed our stakeholder analysis and determined that stakeholder value and common information needs of users of the financial statements is changing towards sustainable growth. We noted that in the last years, the Company has an increased focus on extending global market positions and that this strategy is becoming visible in the development of revenues over the years. On this basis, we believe that net revenue from continuing operations is an important metric for the financial performance of the Company.
Component materiality	To each component in our audit scope we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between € 360,000 and € 840,000.

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

We agreed with the supervisory board that we would report to them misstatements identified during our audit above € 42,500 (2018/2019: € 20,000) 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 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 group audit primarily focussed on the significant components 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.

OTHER INFORMATION

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

Revenue	91%
Total assets	95%
Profit before tax	95%

None of the remaining components represented more than 3% of total group revenue or total group assets. 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 who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit 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 scope of the work. We explained

to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams during the year including upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, the reports of the component auditors, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements.

The group engagement team visits the component teams and local management on a rotational basis. In the current year the group audit team did not visit component teams due to travel restrictions caused by the COVID-19 virus. Consequently, we intensified our communication and involvement with the component teams by using video conferencing. We have held several meetings with both local management as well as the component auditors.

The group engagement team performed the audit work on the implementation of IFRS 16, the impact analysis of COVID-19 on the company, the group consolidation and the financial statement disclosures at the head office.

By performing the procedures above at components, combined with additional procedures 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.

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.

Key audit matter	Our audit work and observations
<p>Revenue recognition <i>Refer to the accounting principles for revenue recognition within the financial statements note 3</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 price agreements as well as 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 and the number of transactions, this could potentially lead to materially misstated revenue. Therefore, we considered revenue recognition to be a key audit matter.</p>	<p>We evaluated the design and implementation of the internal control procedures regarding accuracy and cut-off of revenue for the purpose of our audit.</p> <p>We evaluated the design and tested the operating effectiveness of the control activities on the exception report, to ensure the accuracy of revenue recognition. In this exception report, created by the Group, deviations between order prices and invoiced prices and shipped quantities and invoiced quantities are identified, explained and followed up.</p> <p>We obtained the exception report and assessed the reliability of the report together with IT specialists by reconciling the exception report to the financial administration. We reperformed the analysis and evaluated the outcome and the follow up by the Company.</p> <p>Furthermore, we performed substantive audit procedures with respect to the accuracy of revenue by reconciling a sample of invoices to sales contracts and/or discount agreements, order confirmations, shipping documents and bank receipts.</p> <p>With respect to the cut-off, we obtained the Group's revenue recognition analysis, tested the mathematical accuracy and the reliability of underlying data by reconciling the analysis to the invoiced revenue in the last period and the revenue adjustment to the journal entry recorded. We tested the accuracy of the analysis by means of testing a sample of the transactions of the last period of the financial year by tracing the information related to the date of transfer of control included in the analysis to shipping documents and client specific contractual terms and conditions.</p> <p>Our procedures did not result in material findings.</p>

Key audit matter	Our audit work and observations
<p>Valuation of inventory <i>Refer to note 17 of the financial statements</i></p> <p>With a value of € 13.4 million, inventory is one of the significant assets of the Group and due to its nature subject to market developments requiring management judgement. This management judgement especially relates to the valuation of raw materials being subject to obsolescence due to changing recipes and 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 (€ 1.0 million).</p> <p>Marking products as (partly) obsolescent is based on inventory aging report and 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.</p>	<p>As part of our risk assessment procedures, we performed look-back procedures to assess the quality of management estimates, by comparing the actual write-offs in the current financial year to the inventory allowance in prior year's financial statements.</p> <p>We 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 reconciliation of the raw material component to purchase invoices. In addition, we tested the surcharge for overhead by testing the mathematical accuracy of the calculation made by the Group, by testing the cost center allocation and by evaluating the percentages used to allocate the overhead to the various product categories. 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.</p> <p>We tested the reliability of the inventory aging report together with IT specialists. This report is used by management to assess the aging of the inventory. We challenged the Group's assumptions related to the valuation per aging category based on actual write-offs and the actual developments in inventory aging. 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.</p> <p>COVID-19 was considered in our audit procedures, however the pandemic does not have a material impact on the valuation of the inventory.</p> <p>Our procedures did not result in material findings.</p>

Key audit matter	Our audit work and observations
<p>Impact of COVID-19 on the company <i>Refer to note 2 of the financial statements</i></p> <p>The director general of the World Health Organization declared the novel coronavirus, COVID-19, a global pandemic on 11 March 2020.</p> <p>Given the Company's year-end, COVID-19 was considered a triggering event for performing impairment assessments on the non-current assets and a re-assessment of the company's expected credit losses in the trade receivables.</p> <p>Furthermore, given the possible impact on the business, management evaluated the Company's ability to continue as a going concern by preparing different scenario's how COVID-19 could affect their business. All scenario's result in a slowdown of revenue, lower operational results and free cash. Management has described their actions to cope with the slowdown of revenue and concludes that, even in the severe-case scenario, the company will have access to sufficient liquidity to fulfil its current and future obligations for at least twelve months as of June 4, 2020.</p> <p>Given the inherent uncertainty associated with the impact of COVID-19 on the group, we considered the assertions and disclosure relating to this assessment to be a key audit matter in our audit.</p>	<p>We challenged management's assessment of the impact of COVID-19 on their business by performing the following audit procedures:</p> <ul style="list-style-type: none"> • We have obtained the impairment assessments for non-current assets which were based on a discounted cash flow model. We challenged the growth rate and the discount rate, by assessing the cost of capital for the Company with comparable organisations. We assessed the appropriateness of the model, checked the mathematical accuracy of the model, and ascertained that the value in use based from this model exceeded the carrying amounts of the non-current assets. We also performed sensitivity analyses of the value in use for different discount rates. • We challenged management's considerations and assumptions with respect to the expected credit loss assessment on trade receivables. We also evaluated the receipts after year-end. <p>In respect of evaluating the ability to continue as a going concern:</p> <ul style="list-style-type: none"> • We assessed management's scenario's by agreeing data and assumptions in the cash flow forecast to external and internal sources as necessary and where available, including recent production volumes, availability and supply of raw materials, order intake and financial performance. We also compared cost assumptions to historic actuals and assessed the probability of achieving cost control measures. • We checked the mathematical accuracy of management's cash flow forecast and reconciled the opening cash position. • We performed independent sensitivity analyses to assess the impact of changes in the key assumptions underlying the cash flow forecast such as a further reduction of revenues and timing of the receipts of cash from debtors, and the Group's ability to take mitigating actions, if required. <p>Due to sufficient cash reserves, availability of committed credit facilities and having performed the above, we satisfied ourselves that, even though COVID-19 is expected to negatively impact the Group's operating results and cash flows, management's use of the going concern basis of accounting was appropriate. However, as management has disclosed, this is an evolving area and further risks may arise which have a potential impact on the business.</p> <p>We also assessed the adequacy and appropriateness of the Company's disclosure note 2 to the consolidated financial statements summarising those assumptions to which the impact of COVID-19 is most sensitive.</p>

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information that consists of: introduction by the CEO, about Holland Colours, report of the board of management, corporate governance, report of the supervisory board, remuneration report, employee participation, five-year summary, investor relations, the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code, our organization and contact.

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 the information that is required by Part 9 of Book 2 of the Dutch Civil Code and 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 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 performed in our audit of the financial statements.

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 and the remuneration report in accordance with the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Our appointment

We were appointed as auditors of Holland Colours N.V. on 10 July 2014 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 10 July 2014. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 6 years.

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 and 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 with 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 events and circumstances that may cast significant doubt on the Company’s ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our 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 to be 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.

Amsterdam, 4 June 2020

PricewaterhouseCoopers Accountants N.V.

Original signed by W.F.J. Vermeulen RA

Appendix to our auditor's report on the financial statements 2019/2020 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.

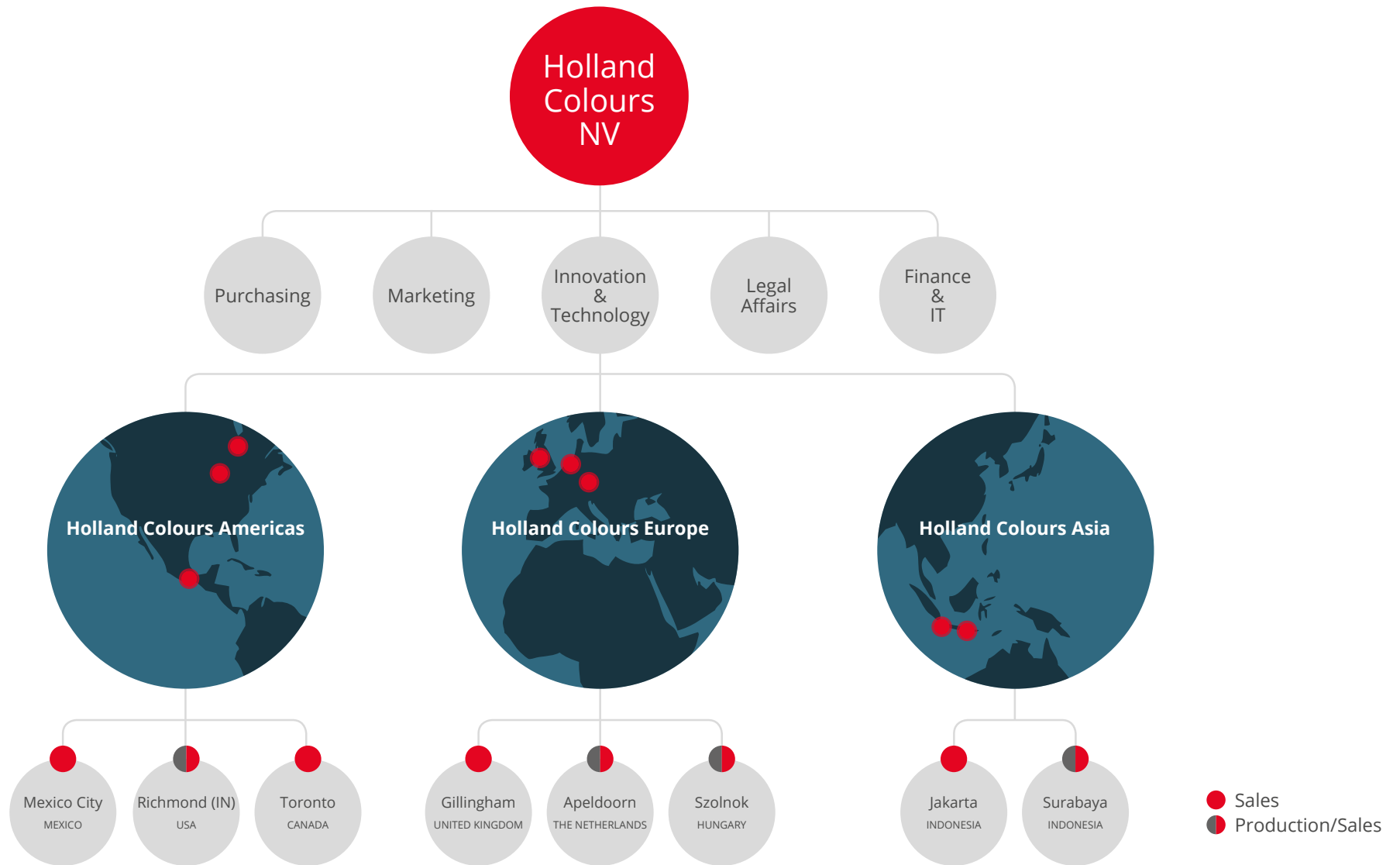
Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure 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 safeguards.

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.

OUR ORGANIZATION



CONTACT

HOLLAND COLOURS NV

Halvemaanweg 1
7323 RW Apeldoorn
P.O. Box 720
7300 AS Apeldoorn
The Netherlands
T (31) 55-368 0700
E info@hollandcolours.com
Chamber of Commerce 08036180

HOLLAND COLOURS EUROPE BV

Halvemaanweg 1
7323 RW Apeldoorn
P.O. Box 720
7300 AS Apeldoorn
The Netherlands
T (31) 55-368 0700
E info@hollandcolours.com

HOLLAND COLOURS UK LTD

Unit 16/17/18, Sabre Court
Valentine Close, Gillingham Business Park
Gillingham, Kent ME8 0RW
United Kingdom
T (44) 1634-388 727
E uk@hollandcolours.com

HOLLAND COLOURS HUNGARIA KFT

Tószegi út 51
P.O. Box 8
5007 Szolnok
Hungary
T (36) 56-420 644
E szolnok@hollandcolours.com

HOLLAND COLOURS AMERICAS INC

1501 Progress Drive
Richmond, Indiana, 47374
USA
T (1) 765-935 0329
Toll-free (1) 800-723-0329
E richmond@hollandcolours.com

HOLLAND COLOURS CANADA INC

200 Consumers Rd, Suite 303
Toronto, Ontario M2J 4R4
Canada
T (1) 416-449 4344
Toll-free (1) 800-361 3967
E canada@hollandcolours.com

HOLLAND COLOURS MEXICANA SA DE CV

Tezosomoc #4
(Bodega 3)
Col. Recursos Hidráulicos
Tultitlán, Edo de México
México
CP 54913
T 52 (55) 58-94-36-41
E mexico@hollandcolours.com

PT HOLLAND COLOURS ASIA

Jl. Berbek Industri II/2
(Surabaya Industrial Estate Rungkut)
Sidoarjo 61256-East Java
Indonesia
T (62) 31-849 3939
E surabaya@hollandcolours.com

Export department Surabaya:
T (62) 31-841 1 801
E exportasia@hollandcolours.com

Jl. Industri III/88 Blok A1-3
Kompl. Industri Facto, Jatake
Tangerang 15136-West Java
Indonesia
T (62) 21-590 5135

PT HOLCO INDO JAYA

Jl. Berbek Industri IV No 1
(Surabaya Industrial Estate Rungkut)
Sidoarjo 61256-East Java
Indonesia
T (62) 31-849 3939
E indojaya@hollandcolours.com



FIND OUT MORE

Contact our sales people about purchasing quantities and deliveries or our technical experts for questions about our technology and its implementation:

AMERICAS: richmond@hollandcolours.com | +1 765-935 0329 / toll-free: +1 800 723 0329

ASIA: surabaya@hollandcolours.com | +62 31 849 3939

EUROPE: info@hollandcolours.com | +31 (0)55 36 80 700

www.hollandcolours.com

