

## HALF-YEAR REPORT

### Hydratec Industries grows by 8%

20 July 2023

**AMERSFOORT** – Hydratec Industries' revenue of €133.7 million in the first half-year was 7.8% higher than that in the first half of 2022. The margin also increased by the same percentage. Operating costs were higher, mainly due to a non-recurring restructuring provision of €4.3 million. Adjusted for this, the operating result rose sharply to €10.6 million, compared with €7.1 million in the first half of the previous year. The order book is well filled, despite the uncertainties in the current markets.

#### Key figures for the first half-year of 2023

- ▶ Consolidated revenue totalled €133.7 million (+7.8% compared to 2022).
- ▶ The gross margin increased (€70.5 million versus €65.3 million in 2022).
- ▶ The operating result (EBIT), adjusted for restructuring costs, was €10.6 million (7.9%) compared to €7.1 million (5.7%) in 2022.
- ▶ The operating result (EBIT), including restructuring costs, was €6.3 million.
- ▶ The net result attributable to shareholders (after restructuring costs) came to €4.2 million (2022: €4.8 million).
- ▶ Investments in tangible and intangible fixed assets amounted to €4.9 million. In the first half of 2022, this was €3.2 million.
- ▶ As at 30 June 2023, the solvency ratio had fallen to 35.0% compared to 35.8% as at 31 December 2022.

Bart Aangenendt, CEO of Hydratec Industries: *“Revenue increased significantly at Industrial Systems in particular. At Hightech Components, we have made some important decisions to increase both capacity and efficiency. The supply chain seems to be slowly stabilising again, reducing inventories among our customers. Meanwhile, interest rates and inflation have risen. This led to uncertainty, which had a dampening effect on order intake. Despite that, demand for food, health and mobility remains as strong as ever and we have a well-filled order book.”*

## Industrial Systems

Revenue at Industrial Systems rose to €69.3 million, 17% higher than last year. Revenue in North and South America showed a sharp increase. The gross margin as a percentage increased marginally compared to the first half of 2022. There were fewer supply chain disruptions compared to the second half of last year. It also proved possible to pass on increased costs in new projects. As a result, the margin as a percentage was significantly higher compared to the second half of 2022. Operating costs were higher than last year due to increased salary costs. This led to an operating result of €7.4 million (10.7% of revenue) compared to €4.1 million (6.9%) last year. The project-based nature of the activities can lead to significant fluctuations in revenue and results. Increased interest rates and inflation appear to have worsened the investment climate. The order book remained at a good level, while order intake was dampened to some extent because of investment decisions taking longer.

## Hightech Components

Revenue at Hightech Components remained virtually unchanged compared to the same period last year. Following the Covid-19 crisis and subsequent supply chain disruptions, accumulated inventory levels among our customers are being reduced again. This led to a fall in revenue that was offset by strong growth in revenue in the Health market. Revenue totalled €64.7 million compared to €65.5 million in 2022. Thanks to an active pricing policy and a better product mix, the gross margin as a percentage of revenue increased modestly. To enhance efficiency, we decided to phase out our operations in Hellevoetsluis and move most of them to other sites. A social plan has since been agreed with the unions. A restructuring provision of €4.3 million has been formed. Operating costs increased, mainly due to higher salary costs. This put the operating result at €0.1 million. Not including the restructuring costs, the operating result was €4.4 million (6.8% of revenue) compared to €4.9 million (7.5%) last year. The 20% capacity expansion at Timmerije is on schedule. This expansion enables us to develop several new products and serve new customers from our Neede site.

## Expectations for 2023

Hydratec Industries got the year off to a good start and has a well-filled order book. In view of macroeconomic developments such as volatile exchange rates, trade restrictions, supply chain uncertainties and rising inflation and interest rates, we are unable to make any concrete pronouncements about 2023.

## 2023 half-year report available online

This half-year report is also available on the website [www.hydratec.nl](http://www.hydratec.nl). The figures in the half-year report have not been audited.

### **Bart Aangenendt**

CEO

Hydratec Industries is listed on the Euronext Amsterdam NV stock exchange (ISIN NL0009391242, ticker: HYDRA.)

Mr Bart Aangenendt

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## Profile

**1997**

Listed since 1997



**1,432**

Colleagues



**2 Segments**

Industrial Systems



Hightech Components



**5 Companies**



**Lan**  
Handling  
Technologies



**Royal Pas Reform**  
Integrated  
Hatchery Solutions



**Rollepaal**  
Pipe Extrusion  
Technology



**Helvoet**  
High Precision  
Components



**Timmerije**  
Hightech Plastic  
Components

**3 Markets**



**Food**

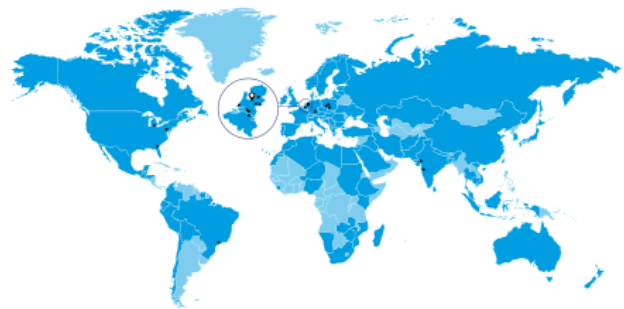


**Health**

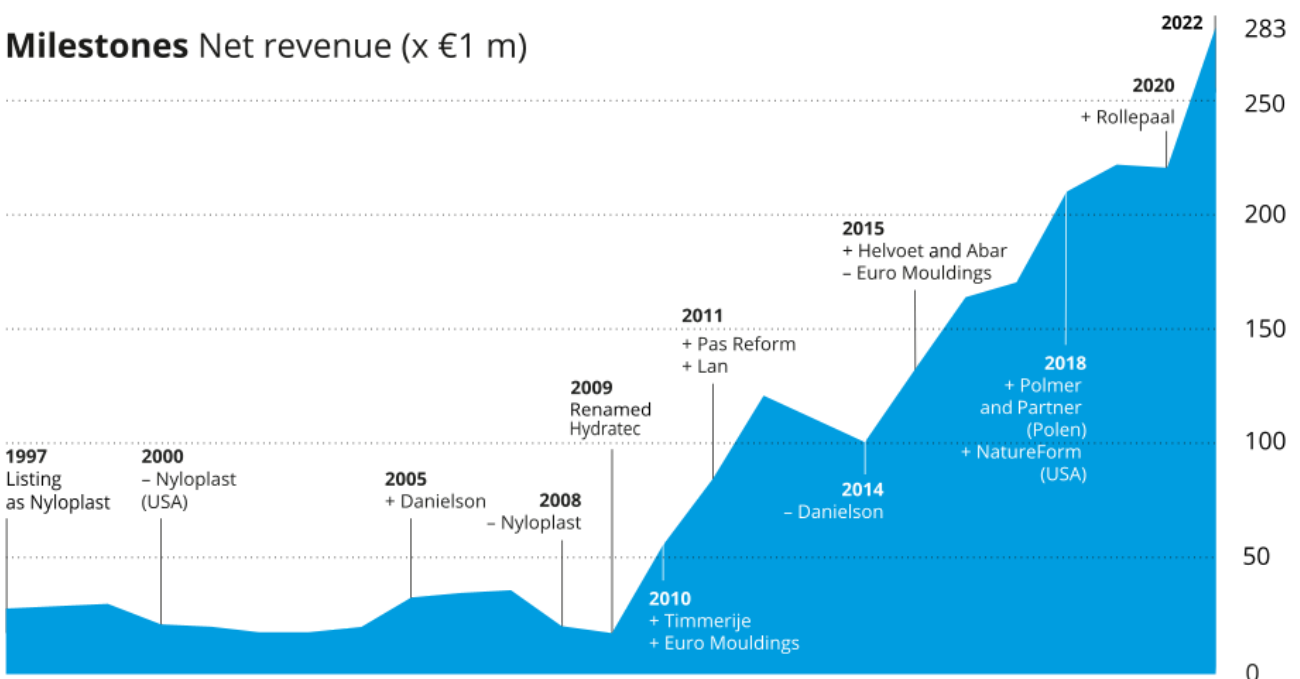


**Mobility**

**Global presence**



**Milestones** Net revenue (x €1 m)



## Consolidated statement of profit or loss

1 January to 30 June

x €1,000 (unless stated otherwise)	2023	2022
<b>Net revenue</b>	<b>133,696</b>	123,960
Consumption of materials and supplies	-63,227	-58,685
<b>Gross margin</b>	<b>70,469</b>	65,275
Operating costs	-64,157	-58,143
<b>Operating result</b>	<b>6,312</b>	7,132
Financial income and expenses	-427	-705
<b>Result from ordinary activities before tax</b>	<b>5,885</b>	6,427
Taxes	-1,608	-1,581
<b>Net result (from continuing operations)</b>	<b>4,277</b>	4,846
Net result (attributable to shareholders)	4,201	4,852
Net result (attributable to third parties)	76	-6
<b>Earnings per share attributable to shareholders:</b>		
Earnings per ordinary share (x €1)*	3.24	3.75
Diluted earnings per ordinary share (x €1)**	3.24	3.75
<b>Earnings per share from continuing operations:</b>		
Earnings per ordinary share (x €1)*	3.30	3.74
Diluted earnings per ordinary share (x €1)**	3.30	3.74

\* Net result divided by the number of shares outstanding as at 30 June of the reporting year.

\*\* Net result divided by the number of shares outstanding, including all conditionally awarded shares.

## Condensed consolidated statement of comprehensive income

1 January to 30 June

x €1,000	2023	2022
Net result	4,277	4,846
<b>Elements which may be recognised in the statement of profit or loss in the future</b>		
Cash flow hedges – adjustment to fair value (incl. taxes)	-18	184
Foreign activities – currency translation differences	45	-138
<b>Comprehensive income after tax</b>	<b>4,304</b>	4,892
<b>Comprehensive income attributable to:</b>		
Shareholders	4,228	4,898
Third parties	76	-6

## Condensed consolidated balance sheet

### Before profit appropriation

x €1,000	30 juni 2023	31 december 2022
<b>ASSETS</b>		
Intangible fixed assets	26,451	27,109
Tangible fixed assets	65,389	63,731
Lease assets	8,025	8,864
Financial fixed assets/deferred tax assets	5,473	4,009
<b>Total fixed assets</b>	<b>105,338</b>	<b>103,713</b>
Contract assets	25,392	14,539
Inventories	44,973	41,966
Trade receivables	42,298	47,365
Other receivables, prepayments and accrued income	8,784	7,534
Cash and cash equivalents	9,045	25,202
<b>Total current assets</b>	<b>130,492</b>	<b>136,606</b>
Assets held for sale	-	-
<b>Total assets</b>	<b>235,830</b>	<b>240,319</b>
<b>LIABILITIES</b>		
Shareholders' equity attributable to shareholders	82,463	85,990
Non-controlling interest	188	99
<b>Total shareholders' equity</b>	<b>82,651</b>	<b>86,089</b>
Provisions/deferred tax liabilities	8,935	3,486
Borrowings and lease obligations	16,101	17,515
Financial instruments	287	283
<b>Total provisions and non-current liabilities</b>	<b>25,323</b>	<b>21,284</b>
Contract liabilities	51,731	29,197
Trade payables	17,407	19,857
Bank current account	10,739	1,505
Other liabilities, accruals and deferred income	47,979	82,387
<b>Total current liabilities</b>	<b>127,856</b>	<b>132,946</b>
<b>Total liabilities</b>	<b>235,830</b>	<b>240,319</b>

## Condensed consolidated statement of changes in equity

### 1 January to 30 June

x €1,000	Attributable to Hydratec shareholders	Attributable to third parties	2023 Shareholders' equity	Attributable to Hydratec shareholders	Attributable to third parties	2022 Shareholders' equity
<b>Balance as at 1 January</b>	85,990	99	86,089	76,082	179	76,261
Dividend distribution	-7,770		-7,770	-6,012		-6,012
Share issue	169		169	168		168
Unappropriated result	4,201	76	4,277	4,852	-6	4,846
Change in exchange rates	32	13	45	-167	29	-138
Movements in hedge reserve	-18		-18	184		184
Other changes	-141		-141	-150		-150
<b>Balance as at 30 June</b>	<b>82,463</b>	<b>188</b>	<b>82,651</b>	<b>74,957</b>	<b>202</b>	<b>75,159</b>

## Condensed consolidated cash flow statement

### 1 January to 30 June

x €1,000	2023	2022
Cash flow from operating activities	-10,454	7,360
Cash flow from investing activities	-4,566	-1,115
Cash flow from financing activities	-1,023	-1,489
<b>Net cash flow</b>	<b>-16,043</b>	<b>4,756</b>
Translation differences in cash balances	-114	161
<b>Movements in cash and cash equivalents</b>	<b>-16,157</b>	<b>4,917</b>
Cash and cash equivalents as at 1 January	25,202	5,199
<b>Cash and cash equivalents as at 30 June</b>	<b>9,045</b>	<b>10,116</b>

## Selected notes

### 1. General

The half-year financial statements were prepared by the Management Board, discussed with the Supervisory Board and released for publication on 20 July 2023. The external auditor was not engaged to, and did not, conduct an audit or review with respect to this half-year report.

## 2. Accounting policies for the half-year financial statements

The half-year financial statements for the period from 1 January to 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and the information and notes contained in these are more condensed than that required for annual financial statements. The half-year financial statements have been prepared in accordance with the same accounting policies as those specified in the 2022 consolidated financial statements. Where necessary, comparable figures were adjusted for comparison purposes.

## 3. Seasonal influences

The Group's revenue and results are not structurally influenced by seasonal effects of sales, although project revenue may fluctuate at Industrial Systems.

## 4. Segment reporting

The table below shows the breakdown of a number of key figures between Industrial Systems and Hightech Components for the period from 1 January to 30 June of the year in question.

x €1,000	Industrial Systems		Hightech Components		Total segments		Holding company expenses and items eliminated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net revenue from third parties	69,329	59,250	64,367	64,710	133,696	123,960	-	-	133,696	123,960
Intersegment revenue	-	-	290	749	290	749	-290	-749	-	-
Total segment revenue	69,329	59,250	64,657	65,459	133,986	124,709	-290	-749	133,696	123,960
Operating result	7,445	4,116	101	4,910	7,546	9,026	-1,234	-1,894	6,312	7,132
Depreciation/amortisation	1,808	1,846	3,948	4,295	5,756	6,141	53	40	5,809	6,181
Investments in tangible/intangible fixed assets	489	630	4,380	2,589	4,869	3,219	-	-	4,869	3,219



## 5. Breakdown of revenue by type

The table below shows the breakdown of revenue by type for the period from 1 January to 30 June in the year in question.

x €1,000	2023	%	2022	%
Supply of goods	91,983	68.8	77,626	62.6
Projects	40,305	30.1	42,657	34.4
Other revenue	1,408	1.1	3,677	3.0
<b>Total</b>	<b>133,696</b>	<b>100</b>	<b>123,960</b>	<b>100</b>

## 6. Fair value of financial instruments

x €1,000	Total
<b>Carrying amount as at 1 January 2023</b>	235
Movements in fair value	6
<b>Carrying amount as at 30 June 2023</b>	<b>241</b>

The financial instruments relate to:

- ▶ an interest rate swap to fix the variable interest rate component of a loan amounting to €1.6 million at 30 June 2023, which is due to mature on 1 October 2025;
- ▶ an interest rate swap to fix the variable interest rate component of a loan amounting to €0.9 million at 30 June 2023, which is due to mature on 1 July 2027;
- ▶ an interest rate swap to fix the variable interest rate component of a loan amounting to €2.1 million at 30 June 2023, which is due to mature on 1 July 2028.

The fair value is based on future cash flows over the term and volume of the contracts. This calculation is based on prices other than their quoted prices which are directly or indirectly observable and therefore qualify as a Level 2 measurement as defined in IFRS 13. All these derivatives qualify as cash flow hedges, which are 100% effective as at 30 June 2023. There is a direct economic relationship between the hedge instrument and the hedged position. A hedge reserve has been created in shareholders' equity. Movements in the value of these swaps are recognised in the statement of comprehensive income.

## **7. Dividend distribution**

A dividend of €7.8 million was paid to Hydratec shareholders in June 2023. This payment related to the final dividend for the 2022 financial year.

## **8. Share issue**

In 2023, 2,236 ordinary shares were issued with a nominal value of €0.45 per share at an issue price of €75.77 per share. The aim of this share issue was to issue shares for the participation plan for the Management Board and management of Hydratec and its operating companies. This issue resulted in an increase in share capital of €1,000 and an addition to the share premium reserve of €168,000. The other change in equity is accounted for in accordance with IFRS 2.

## **9. Capital investment commitments**

The Group entered into material capital investment commitments on 30 June 2023. These commitments totalled €4.5 million (2022: €1.6 million).

## **10. Bank guarantees issued**

As at 30 June 2023, the Group had issued bank guarantees to customers for the delivery of plant and equipment to the value of €7.5 million (2022: €7.0 million).

## **11. Related party transactions**

Transactions with related parties take place on an arm's length basis.

## **12. Events after the balance sheet date**

No events that are relevant to the half-year financial statements took place after the balance sheet date.

## **13. Involvement of the auditor**

The external auditor was not engaged to, and did not, conduct an audit or review with respect to this half-year report.

## Director's statement (statement as referred to in Article 5:25D[2] [C]FMISA)

The Management Board of the company hereby declares that, as far as it is aware:

- ▶ the half-year financial statements for the first half of the 2023 financial year provide a true and fair view of the assets, liabilities, financial position and profit of the company and of its consolidated companies;
- ▶ the half-year report for the first half of the 2023 financial year contains a true and fair view of:
  - ▶ significant events that occurred in the first six months of the corresponding financial year and of their effect on the half-year financial statements;
  - ▶ the most significant transactions undertaken with related parties in this period;
  - ▶ the main risks and uncertainties for the other six months of the corresponding financial year.

Amersfoort, 20 July 2023

Management Board

*Mr B. F. Aangenendt, CEO*

*Ms E. H. Slijkhuis RA, CFO*