

HALF-YEAR REPORT

Hydratec Industries continues its forecast of a good 2022

21 July 2022

AMERSFOORT – Hydratec Industries' revenue of €124 million exceeded that in the first half of 2021. Due to the rise in raw material prices, the gross margin was down by 1.6%. This led to a lower operating result than last year's. The order intake was strong, both for the Plastic Components segment and Industrial Systems. This presents a good outlook, despite the uncertainties in the current markets.

Key figures first half-year 2022

- ▶ Consolidated revenue totalled €124 million (+3.5% compared to 2021).
- ▶ The gross margin was down from 54.3% in 2021 to 52.7% in 2022.
- ▶ The operating result (EBIT) is €7.1 million compared to €9.6 million in 2021.
- ▶ Net result attributable to shareholders came to €4.8 million (2021: €6.6 million).
- ▶ Investments in tangible and intangible fixed assets amounted to €3.2 million. In the first half of 2021 this was €2.9 million.

Bart Aangenendt, CEO of Hydratec: *"The order intake is strong in the various markets. However, the supply chain has not yet settled down, and the tight labour market also presents a growing challenge. That is why our sales were lower than planned in the first six months, and the costs were higher as well. Despite that, demand for food, health and mobility remains as strong as ever. Even with the major uncertainties, based on our current order book and intake, we expect a good second half of 2022."*

General performance

In the first half of 2022, the world faced increasing turmoil caused by the Covid-19 pandemic and the war in Ukraine. This caused problems in the supply chain and in the labour market. Despite that, Hydratec Industries managed to maintain revenue at a high level.

The various markets in which we operate have shown resilience, to the benefit of Hydratec Industries. Various measures have been taken to compensate for the price increases. The benefits were limited in the first half of 2022 because the increased costs could not always be passed on in current projects.

Plastic Components

The loss of production at Polmer in Poland led to more or less the same revenue at Plastic Components compared to the same period last year. Revenue totalled €65.5 million compared to €66.6 million in 2021. Thanks to an active pricing policy and a better product mix, the gross margin as a percentage of revenue remained about the same despite higher raw material prices. The operating result was €4.9 million, 7.5% of revenue. This is 0.5% higher than in the first half of 2021. The various markets recovered well, even though there were sharp increases in the price of raw materials and energy. The limited availability of qualified staff also depressed revenue and led to higher costs.

Industrial Systems

Industrial Systems recorded revenue of €59.2 million, 9% higher than last year. The gross margin as a percentage of revenue decreased because it was not always possible to pass on the higher material prices in current projects. The disruption in the supply chain led to additional costs. Industrial Systems will continue to invest in product development and ICT. This all resulted in a considerable increase in the operating result from €6.2 million to €4.1 million (6.9% of revenue). The project-based nature of the activities can lead to significant fluctuations in revenue and results. Despite global uncertainty, the order intake remained at a satisfactory level.

Expectations for the 2022 financial year

Based on the first half-year results and the healthy backlog, Hydratec Industries anticipates a result similar to 2021 for the whole of 2022. However, the war in Ukraine in particular and the impact of the Covid-19 pandemic are creating considerable uncertainties in the various sales markets, the supply chain, the labour market, and in macroeconomic conditions. This could affect the availability and price of labour, materials and energy, which may then negatively affect revenue and margins.

2022 HALF-YEAR REPORT

This half-year report is also available on the website 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.)

For more information on Hydratec Industries' results, visual material or requests for interviews, please contact:

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Profile

1997

Listed since 1997



1380

Employees



2 Segments

Industrial Systems

Plastic Components



5 Companies



Lan
Handling
Technologies



Royal Pas Reform
Integrated
Hatchery Solutions



Rollepaal
Pipe Extrusion
Technology



Helvoet
High-Precision
Plastic Components

Timmerije

Timmerije
High-Tech Plastic
Components

3 Markets



Food



Health

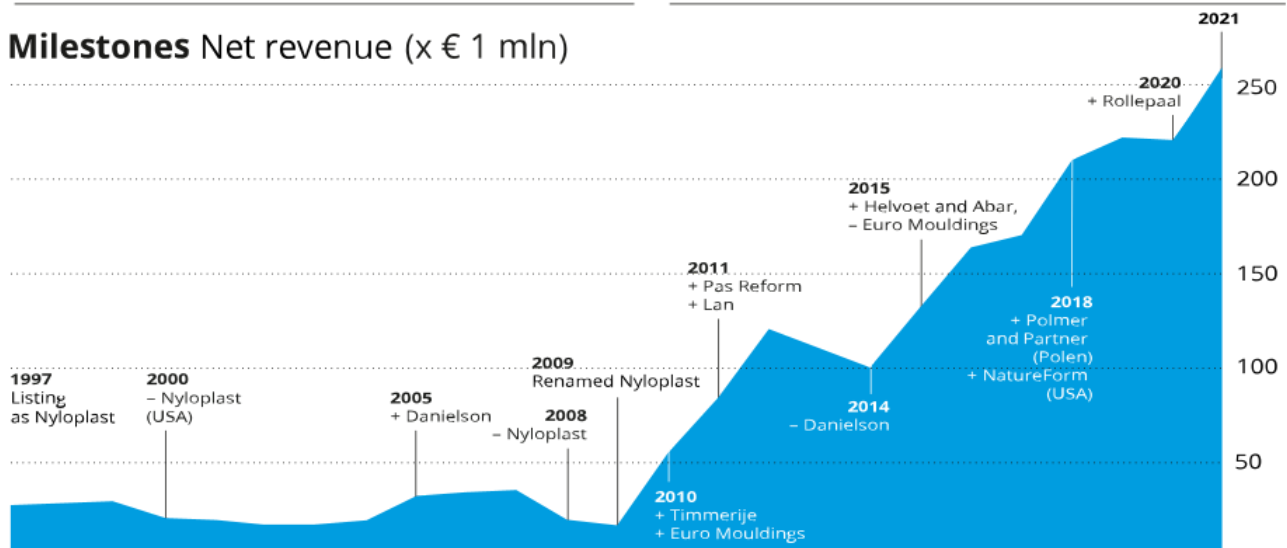


Mobility

Global presence



Milestones Net revenue (x € 1 mln)



Consolidated statement of profit or loss

1 January to 30 June

x €1,000 (unless stated otherwise)	2022	2021
Net revenue	123,960	119,772
Consumption of materials and supplies	58,685	54,758
Gross margin	65,275	65,014
Operating costs	-58,143	-55,454
Operating result	7,132	9,560
Financial income and expenses	-705	-760
Result from ordinary activities before tax	6,427	8,800
Taxes	-1,581	-2,151
Net result (from continuing operations)	4,846	6,649
Net result (attributable to shareholders)	4,852	6,674
Net result (attributable to third parties)	-6	-25
Earnings per share attributable to shareholders:		
Earnings per ordinary share (x €1)*	3.75	5.16
Diluted earnings per ordinary share (x €1)**	3.75	5.18
Earnings per share from continuing operations:		
Earnings per ordinary share (x €1)*	3.74	5.14
Diluted earnings per ordinary share (x €1)**	3.75	5.16

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

** Net result divided by the number of outstanding shares on 30 June of the previous year.

Condensed consolidated statement of comprehensive income

1 January to 30 June

x €1,000	2022	2021
Net result	4,846	6,649
Elements which may be recognised in the statement of profit or loss in the future		
Cash flow hedges – adjustment to fair value (incl. taxes)	184	73
Foreign activities – currency translation differences	-138	-24
Comprehensive income after tax	4,892	6,698
Comprehensive income attributable to:		
Shareholders	4,898	6,712
Third parties	-6	-14

Condensed consolidated balance sheet

Before profit appropriation

x €1,000	30 juni 2022	31 december 2021
ASSETS		
Intangible fixed assets	27,634	27,967
Tangible fixed assets	59,569	61,033
Lease assets	11,501	11,817
Financial fixed assets/deferred tax assets	4,549	5,114
Total fixed assets	103,253	105,931
Contract assets	15,542	16,338
Inventories	36,160	32,871
Trade receivables	47,642	46,584
Other receivables, prepayments and accrued income	7,363	5,827
Cash and cash equivalents	10,116	5,199
Total current assets	116,823	106,819
Assets held for sale	-	841
Total assets	220,076	213,591

x €1,000	30 juni 2022	31 december 2021
LIABILITIES		
Shareholders' equity attributable to shareholders	74,957	76,082
Non-controlling interest	202	179
Total shareholders' equity	75,159	76,261
Provisions/deferred tax liabilities	6,813	6,210
Borrowings and lease obligations	20,411	22,483
Financial instruments	340	610
Total provisions and non-current liabilities	27,564	29,303
Contract liabilities	36,957	41,748
Trade payables	20,165	20,306
Bank current account	8,465	722
Other liabilities, accruals and deferred income	51,766	45,251
Total current liabilities	117,353	108,027
Total liabilities	220,076	213,591

Condensed consolidated statement of changes in equity

1 January to 30 June

x €1,000	Attributable to Hydratec shareholders	Attributable to third parties	2022 Shareholders' equity	Attributable to Hydratec shareholders	Attributable to third parties	2021 Shareholders' equity
Balance as at 1 January	76,082	179	76,261	63,079	161	63,240
Dividend distribution	-6,012		-6,012			
Share issue	168		168	101		101
Unappropriated result	4,852	-6	4,846	6,674	-25	6,649
Change in exchange rates	-167	29	-138	-33	9	-24
Movements in hedge reserve	184		184	73		73
Other changes	-150		-150	22		22
Balance as at 30 June	74,957	202	75,159	69,916	145	70,061

Condensed consolidated cash flow statement

1 January to 30 June

x €1,000	2022	2021
Cash flow from operating activities	7,360	15,812
Cash flow from investing activities	-1,115	-2,902
Cash flow from financing activities	-1,489	-12,326
Net cash flow	4,756	584
Translation differences in cash balances	161	21
Movements in cash and cash equivalents	4,917	605
Cash and cash equivalents as at 1 January	5,199	4,629
Cash and cash equivalents as at 30 June	10,116	5,234

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 21 July 2022. 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 2022 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 2021 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 Plastic Components for the period from 1 January to 30 June of the year in question.

x €1,000	Industrial Systems		Plastic Components		Total segments		Holding company expenses and items eliminated		2022	Total 2021
	2022	2021	2022	2021	2022	2021	2022	2021		
Net revenue from third parties	59,250	54,460	64,710	65,312	123,960	119,772			123,960	119,772
Intersegment revenue			749	1,239	749	1,239	-749	-1,239	-	-
Total segment revenue	59,250	54,460	65,459	66,551	124,709	121,011	-749	-1,239	123,960	119,772
Operating result	4,116	6,193	4,910	4,630	9,026	10,823	-1,894	-1,263	7,132	9,560
Depreciation/amortisation	1,846	2,103	4,295	3,850	6,141	5,953	40	15	6,181	5,968
Investments in tangible/intangible fixed assets	630	1,132	2,589	1,687	3,219	2,819		83	3,219	2,902

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	2022	%	2021	%
Supply of goods	77,626	62.6	73,690	61.5
Projects	42,657	34.4	42,973	35.9
Other revenue	3,677	3.0	3,109	2.6
Total	123,960	100	119,772	100

6. Fair value of financial instruments

x €1,000	Total
Carrying amount as at 1 January 2022	-237
Movements in fair value	275
Carrying amount as at 30 June 2022	38

The financial instruments relate to:

- ▶ an interest rate swap to fix the variable interest rate component of a loan amounting to €2.1 million at 30 June 2022, 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 €1.1 million at 30 June 2022, 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 €2.5 million at 30 June 2022, 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 2022. There is a direct economic relationship between the hedge instrument and the hedged item, the credit risk of the hedge instrument and the hedged item are similar, and there is a 1:1 hedge ratio. 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 €6 million was paid to Hydratec shareholders in June 2022. This payment related to the final dividend for the financial year 2021.

8. Share issue

In 2022, 2,171 ordinary shares were issued with a nominal value of €0.45 per share at an issue price of €77.53 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 €167,000. The other change in equity is accounted for in accordance with IFRS 2.

9. Capital investment commitments

As at 30 June 2022, the Group had entered into material capital investment commitments totalling €1.6 million.

10. Bank guarantees issued

As at 30 June 2022, the Group had issued bank guarantees to customers for the delivery of plant and equipment to the value of €7 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 2022 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 2022 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, 21 July 2022

Management Board

B. F. Aangenendt, CEO E.H. Slijkhuis RA, CFO