

DATACOLOR AG

FISCAL 2022/23

Dear Shareholders

Continued growth leading to record sales

Datacolor realized record sales in fiscal 2022/23 with its broad offering of products and solutions for efficient, precise and digital color management. While sales to industrial customers increased significantly, sales in the consumer market were down from previous year due to a decrease in customer demand caused by the economic slowdown.

In May of 2023 Datacolor acquired the Swiss color software company matchmycolor LLC. The technology company's financials were consolidated for five months starting May 1, 2023. The impact of the acquisition and integration costs are spread over two fiscal years 2022/23 and 2023/24. With the acquisition of matchmycolor, Datacolor strengthened its market position for color management software in its core markets of textile and apparel, paint, coatings, plastics and automotive and expanded its global presence in the color management market of ink and printing, among others. The acquisition of this innovative Swiss software company is in line with Datacolor's strategy of continuously expanding its customer base with state-of-the-art color management solutions and supporting organic growth through acquisitions that complement its business model.

Datacolor achieved a further increase in sales after two years of double-digit growth and confirmed its strong position in the international color management market in fiscal 2022/23, despite the challenging business climate. With further substantial investments in research and development, Datacolor again launched several new cutting-edge products in all business units. The global sales and marketing organization was further expanded, particularly in Asia, Datacolor's largest and fastest-growing market. The company also continued to grow its service revenues of color certification and color calibration with its Datacolor Certify and Datacolor Guardian products. Recruitment of new employees, which was challenging during the start of the fiscal year, improved considerably, allowing the Company to fill most of its open positions. In the year under review, Datacolor employed an average of 426 (387) people.

In fiscal 2022/23, net sales were USD 93.2 million (fiscal 2021/22: USD 87.4 million), exceeding the previous year by 6.7% or 9.5% in local currency. Continued sales growth, a more favorable product mix, due to the high margin software products acquired from matchmycolor, and close management of expenses led to a high gross profit to USD 62.4 million, corresponding to a gross profit margin of 66.9% (66.3%). Operating profit includes the first tranche of acquisition costs of matchmycolor as well as announced extraordinary costs related to the public tender offer from the majority shareholder for all publicly held Datacolor shares announced on July 3, 2023. Therefore, resulting EBITDA for the fiscal year amounts to USD 10.7 million (USD 12.9 million) and EBITDA margin to 11.5% (14.8%). EBIT amounts to USD 8.1 million (USD 11.2 million) and EBIT margin to 8.7% (12.8%). Net income improved significantly to USD 10.9 million (USD 5.2 million), mainly due to the good financial result of USD 3.3 million (USD -5.5 million) and a positive one-off tax effect in the US. Earnings per share corresponded to USD 67.6 (USD 31.81).

Continuing sales growth in all market regions

In the reporting period, Datacolor continued to report increased sales in all market regions with the largest increase in Europe despite the depreciation of the Euro against the US Dollar and partially driven by the acquisition of matchmycolor, whose revenues were mainly Europe-based. Consequently, the European region's contribution to sales increased in the year under review to 31% (29%). Asia remained Datacolor's strongest region with a share of 43% (44%) of Group sales. The American markets contributed 26% (27%).

Direct customer service expanded

In April 2023, Datacolor announced the transition from an agent to a direct sales and support setup in the Scandinavian market including Sweden, Norway, Finland, Denmark and Iceland, in line with the Company's strategy to assure state-of-the-art service and support to customers from one source.

New software and products launched

Datacolor continued to invest substantially in the development of new products, in particular a cloud-based Software-as-a-Service (SaaS) offering for Datacolor industrial products that supports customers in efficient data exchange, Big Data analytics and increased process flexibility. Thanks to the recent acquisition of matchmycolor Datacolor further strengthened its capabilities in software development and introduction of SaaS solutions.

For the consumer market Datacolor introduced its next generation monitor color calibrators Spyder X2 Elite and the Spyder X2 Ultra. Datacolor Spyder X2 Elite enables effective color calibration in less than two minutes with an even clearer user interface and advanced calibration features. With expanded sensor capabilities, Spyder X2 Ultra allows for calibration of HDR/high-brightness monitors making it ideal for photo, video and hybrid use, as well as for viewing HDR/high-brightness content on computer-connected TVs and projectors. Furthermore, Datacolor launched Spyder Checkr Video, a pocket-sized color reference tool that works with a variety of professional video equipment and editing software solutions to ensure accurate video color and exposure. Spyder Checkr Video offers the ability to quickly and precisely color calibrate one or more camera and lens combinations, ensuring color accuracy at the start of shooting, streamlining the post-production workflow for a seamless video editing experience.

Sound balance sheet

At the end of fiscal 2022/23, Datacolor AG had total assets of USD 95.6 million (9/30/2022: USD 81.3 million), significantly higher than the previous year. The increase in total assets is mainly driven by the intangible assets from the acquisition of matchmycolor. Net cash including financial assets amounted to USD 42.7 million (9/30/2022: USD 43.7 million). Accounts receivable amounted to USD 9.3 million (9/30/2022: USD 11.0 million). After prior year's considerable increase in inventories, inventory levels decreased slightly in the reporting period and corresponded to USD 12.4 million at the end of fiscal 2022/23 (9/30/2022: USD 13.0 million). Datacolor remains debt-free and has a solid equity ratio of 59.5% (9/30/2022: 58.8%).

Datacolor AG

The holding company Datacolor AG posted a profit of CHF 4.6 million in fiscal 2022/23 (fiscal 2021/22: CHF 4.3 million). After payment of the dividend of CHF 3.2 million for fiscal 2021/22, Datacolor AG had shareholders's equity of CHF 13.8 million on the reporting date September 30, 2022 (9/30/2022: CHF 12.9 million). For fiscal 2022/23, the Board of Directors proposes no dividend distribution to the Annual General Meeting of Datacolor AG on December 7, 2023.

Public tender offer for the shares of Datacolor AG

On July 3, 2023, the Chairman of the Board of Directors of Datacolor, Werner Dubach, announced a voluntary public tender offer to purchase all publicly-held shares of Datacolor AG. With the tender offer, which was unanimously supported by the independent members of Datacolor's Board of Directors, Werner Dubach enabled Datacolor's shareholders to sell their Datacolor shares, which were only thinly traded, at a fair price without taking the risk of causing above-average price volatility. The public tender offer was widely accepted and Werner Dubach announced the successful closing on October 16, 2023.

Outlook

In the course of the tender offer Werner Dubach and Datacolor AG communicated the intention to delist the shares of Datacolor AG after the successful closing of the transaction. Following a delisting of the Datacolor shares, Datacolor, one of the leading international companies in the color management sector, will continue to strengthen and expand its market position. Furthermore, Datacolor's organic growth is to be supported by future acquisitions.

Rotkreuz, November 2023

Datacolor AG



Werner Dubach
Chairman of the Board of Directors

The complete Annual Report 2022/23 is available on <https://ir.datacolor.com/en/financial-reports/>
The Shareholders may request a printed copy of the Annual Report by Investor Relations.

DATACOLOR SHARE INFORMATION

Stock exchange information

Expected dividend ex date (subject to approval by AGM)	December 11, 2023
Listing	SIX Swiss Exchange (Zurich)
Security ID	853 104
ISIN	CH0008531045
Reuters	DCN.S
Bloomberg	DCN
Investdata	DCN

Capital structure	30.09.2023	30.09.2022
Share capital in CHF	168 044	168 044
Conditional share capital in CHF	16 804	16 804
Number of registered shares	168 044	168 044
Nominal value per share in CHF	1	1
Registration restrictions	none	none
Voting restrictions	none	none
Opting out / opting up	none	none

Significant shareholders (in %)	30.09.2023	30.09.2022
Werner Dubach	94.09%	64.04%
Community of heirs - Anne Keller Dubach	0.00%	19.70%

Shareholders by category (in %)	30.09.2023	30.09.2022
Significant shareholders	94.09%	83.74%
Private investors	95.33%	93.35%
Corporate investors	4.67%	6.65%
Non-registered shareholders	0.46%	1.38%

Share distribution	30.09.2023	30.09.2022
Number of registered shares	Number of shareholders	Number of shareholders
1 – 100	127	456
101 – 1 000	5	18
1 001 – 10 000	1*	5*
>10 000	1	2
Total	134	481

*including treasury shares of Datacolor AG

Share price data in CHF	2022/23	2021/22
First trading day	660.00 (03.10.2022)	635.00 (01.10.2021)
Low	610.00 (19.04.2023)	630.00 (26.10.2021)
High	770.00 (22.08.2023)	750.00 (26.11.2021)
Last trading day	755.00 (29.09.2023)	660.00 (30.09.2022)
Average share price	682.19	696.91
Market capitalization in CHF million as of September 30	121.40	106.50

KEY FIGURES GROUP

in USD million	2022/23	2021/22
Net sales	93.2	87.4
Change relative to previous year in %	6.7%	18.8%
EBITDA	10.7	12.9
Change relative to previous year in %	-17.2%	59.0%
as a % of net sales	11.5%	14.8%
EBIT	8.1	11.2
Change relative to previous year in %	-27.5%	73.7%
as a % of net sales	8.7%	12.8%
Net result	10.9	5.2
Change relative to previous year in %	110.5%	-44.2%
as a % of net sales	11.7%	5.9%
as a % of average shareholders' equity	20.8%	10.3%
Cash flow from operating activities	9.2	9.0
Change relative to previous year in %	2.5%	0.7%
as a % of net sales	9.9%	10.3%
Cash flow from investing activities	-5.1	-4.0
Change relative to previous year in %	28.0%	251.5%
as a % of cash flow from operating activities	-55.0%	-44.0%
Free Cash Flow	4.2	5.0
Change relative to previous year in %	-17.6%	-35.5%
as a % of net sales	4.5%	5.8%
Average number of employees	426	387
Personnel expenses	41.5	36.3
Total assets	95.6	81.3
Shareholders' equity	56.9	47.8
as a % of assets	59.5%	58.8%
Net liquidity (including current financial assets)	42.7	43.7
Per share data ¹⁾		
Average number of shares	160 884	162 411
Earnings per share in USD (non-diluted)	67.60	31.81
Free Cash Flow per share in USD	25.82	31.04
Shareholders' equity per share in USD	353.71	294.34
Dividend per share in CHF ²⁾	-	20.00
Share price data as of 30.09. in CHF	755.00	660.00
Yield in % ³⁾	0.0%	3.8%

¹⁾ Calculation is based on the weighted average number of shares outstanding (issued shares less treasury shares).

²⁾ According to the proposal of the Board of Directors on November 7, 2023 no dividend payment proposed.

³⁾ Distribution in percentage of the share price as of September 30, 2023.