

DATACOLOR AG

HALF-YEAR REPORT OCTOBER 1, 2020 TO MARCH 31, 2021

Dear shareholders

Datacolor made a good start to fiscal 2020/21. Demand recovered in all markets and many customers released orders deferred in the previous year due to the pandemic during the first half of fiscal 2020/21. Net sales increased by 5.2% (2.4% in local currency) to USD 36.9 million from USD 35.1 million in the first half of the previous year. The gross margin remained within the targeted range at 64.3% (65.9%). The decrease of 1.6 percentage points is due primarily to shifts in the product mix. The good sales performance and strict cost management led to a successful improvement in profitability. The EBITDA margin remained stable at 10.9% (11.0%) and the EBIT margin increased to 8.6% (8.0%). Operating profit (EBIT) increased by 13.9% to USD 3.2 million (USD 2.8 million). Thanks to an above-average financial result of USD 3.4 million (USD -3.8 million) in the first half of 2020/21, net income of USD 5.3 million (USD -1.5 million) significantly exceeded the comparative figures for the previous year. Earnings per share amounted to USD 32.25 (USD -9.21). The average number of employees in the first half of fiscal 2020/21 was 366.

Strong recovery particularly in China

China was the main driver of the significant recovery in demand in the first half of fiscal 2020/21, with production, sales, and service activities now largely back to normal following the drastic travel and contact restrictions in the previous year. Thanks to its customer-focused international sales and support organization, Datacolor also saw a pleasing recovery in demand in most other markets. Asia and Europe each accounted for 36% of sales in the first half of fiscal 2020/21 (previous year: Asia 36% / Europe 35%). Due to the pandemic, the North and South America region's share declined slightly to 28% (29%).

Swift renewal of the product range

Datacolor is consistently investing in the enhancement of its successful color measurement products: The continuous renewal and expansion of the broad range of products for the textile and apparel industry as well as paint, dye and plastics manufacturers and the consumer market has been further accelerated. In the first half of fiscal 2020/21, Datacolor launched ColorReader Spectro, a high-precision spectrophotometer. It can easily be integrated with customers' existing software or with Datacolor's Paint software and is ideal for paint and hardware stores looking for a cost-effective color measurement solution allowing them to provide custom color matching services to professional contractors. In January 2021, Datacolor then introduced the Spectro 1000/700 series, to ensure uniform color assessments across various instruments and multiple locations throughout the supply chain, enabling customers to improve productivity and workflow efficiency. The new products are experiencing strong customer demand and will make a substantial contribution to sales growth.

Strong balance sheet

At the end of March 2021, Datacolor had total assets of USD 77.2 million (September 30, 2020: USD 65.9 million) and substantial net cash (including financial assets) of USD 46.6 million (September 30, 2020: USD 41.6 million). Datacolor remains debt-free. Shareholders' equity increased to USD 48.3 million (September 30, 2020: USD 45.3 million) and the equity ratio corresponded to 62.5% (September 30, 2020: 68.7%).

Outlook

Assuming that the impact of the pandemic recedes successively and the recovery of the global economy continues, the Board of Directors and Management expect sales and operating profit development in the second half of fiscal 2020/21 within the range of the first half. With its high cash position and still solid equity base, as well as a swift renewal of its product range with high-precision hardware and software products for measuring and communicating color, Datacolor is well equipped to expand its leading position in the international color measurement market and to grow profitably.

Rotkreuz, May 7, 2021

Datacolor AG

A handwritten signature in black ink, appearing to be 'W. Dubach', written in a cursive style.

Werner Dubach
Chairman of the Board of Directors

KEY FIGURES DATACOLOR

in USD million	Half-year 2020/21	Half-year 2019/20
Net sales	36.9	35.1
Change relative to previous period in %	5.2%	-11.8%
EBIT	3.2	2.8
Change relative to previous period in %	13.9%	-16.4%
as a % of net sales	8.6%	8.0%
Profit/loss for the period	5.3	-1.5
Change relative to previous period in %	450.4%	-238.0%
as a % of net sales	14.4%	-4.3%
as a % of average shareholders' equity	11.4%	-3.4%
Cash flow from operating activities	4.3	-5.5
Change relative to previous period in %	178.3%	-425.7%
as a % of net sales	11.6%	-15.6%
Cash flow from investing activities	-2.2	-3.7
Change relative to previous period in %	-40.2%	14.3%
as a % of cash flow from operating activities	-51.2%	67.1%
Free cash flow	2.1	-9.1
Change relative to previous period in %	122.9%	497.9%
as a % of net sales	5.6%	-26.0%
Average number of employees	366	416
Personnel expenses	17.0	16.1
	31.03.2021	31.03.2020
Total assets	77.2	64.1
Shareholders' equity	48.3	42.9
as a % of total assets	62.5%	67.0%
Net liquidity including financial assets	46.6	33.3
	Half-year 2020/21	Half-year 2019/20
Per share data ¹⁾		
Average number of shares	165 081	165 028
Earnings/loss per share in USD (non-diluted)	32.25	-9.21
Free cash flow per share in USD	12.62	-55.20
Shareholders' equity per share in USD	292.43	259.89

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

ADDITIONAL GEOGRAPHIC INFORMATION

in TUSD	Half-year 2020/21	in % of total	Half-year 2019/20	in % of total
Net sales to third parties	36 889	100.0%	35 061	100.0%
Europe	13 280	36.0%	12 172	34.7%
America	10 329	28.0%	10 237	29.2%
Asia /Pacific	13 280	36.0%	12 652	36.1%
	31.03.2021	in % of total	31.03.2020	in % of total
Assets	77 248	100.0%	64 056	100.0%
Europe	46 345	60.0%	36 820	57.5%
America	13 532	17.5%	11 798	18.4%
Asia /Pacific	17 371	22.5%	15 438	24.1%
	Half-year 2020/21	in % of total	Half-year 2019/20	in % of total
Average number of employees	366	100.0%	416	100.0%
Europe	74	20.3%	88	21.1%
America	107	29.2%	131	31.5%
Asia /Pacific	185	50.5%	197	47.4%

Key dates

October 27, 2021
November 17, 2021
December 7, 2021

Key figures 2020/21
Publication annual report 2020/21
Annual general meeting of shareholders 2020/21