

DATACOLOR AG

FINANCIAL REPORT 2021



datacolor 

This English version of the Datacolor AG annual report is a translation from German and is provided solely for reader's convenience. Only the German version in binding.

DATACOLOR AG

FINANCIAL REPORT 2021

Financial year from October 1, 2020 through September 30, 2021

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Datacolor

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Datacolor AG

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DATACOLOR SHARE INFORMATION

Stock exchange information

| | |
|--|-----------------------------|
| Expected dividend ex date (subject to approval by AGM) | December 9, 2021 |
| Listing | SIX Swiss Exchange (Zurich) |
| Security ID | 853 104 |
| ISIN | CH0008531045 |
| Reuters | DCN.S |
| Bloomberg | DCN |
| Investdata | DCN |

| Capital structure | 30.09.2021 | 30.09.2020 |
|----------------------------------|------------|------------|
| 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 %) | 30.09.2021 | 30.09.2020 |
|--|------------|------------|
| Werner Dubach* | 64.04% | 64.04% |
| Community of heirs - Anne Keller Dubach* | 19.70% | 19.70% |

* The shareholders Werner Dubach and Anne Keller Dubach formed a shareholder group in the previous year. Due to the passing of Anne Keller Dubach, the shareholder group was dissolved at the end of the reporting year.

| Significant shareholders (in %) | 30.09.2021 | 30.09.2020 |
|---------------------------------|------------|------------|
| Significant shareholders | 83.74% | 83.74% |
| Private investors | 94.82% | 95.13% |
| Corporate investors | 5.18% | 4.87% |
| Non-registered shareholders | 1.59% | 1.48% |

| Share distribution | 30.09.2021 | 30.09.2020 |
|------------------------------------|-------------------------------|-------------------------------|
| Number of registered shares | Number of shareholders | Number of shareholders |
| 1 – 100 | 452 | 482 |
| 101 – 1 000 | 24 | 23 |
| 1 001 – 10 000 | 5* | 6* |
| >10 000 | 2 | 2 |
| Total | 483 | 513 |

*including treasury shares of Datacolor AG

| Share price data in CHF | 2020/21 | 2019/20 |
|---|---------------------|---------------------|
| First trading day | 515.00 (01.10.2020) | 665.00 (02.10.2019) |
| Low | 505.00 (29.10.2020) | 510.00 (08.09.2020) |
| High | 670.00 (16.08.2021) | 740.00 (13.01.2020) |
| Last trading day | 635.00 (30.09.2021) | 520.00 (29.09.2020) |
| Average share price | 585.17 | 590.72 |
| Market capitalization in CHF million as of September 30 | 104.50 | 85.90 |

KEY FIGURES GROUP

| in USD million | 2020/21 | 2019/20 |
|---|-------------|-------------|
| Net sales | 73.6 | 61.0 |
| Change relative to previous year in % | 20.6% | -22.5% |
| EBITDA | 8.1 | 1.8 |
| Change relative to previous year in % | 338.7% | -75.5% |
| as a % of net sales | 11.0% | 3.0% |
| EBIT | 6.4 | 0.3 |
| Change relative to previous year in % | 2457.8% | -95.5% |
| as a % of net sales | 8.7% | 0.4% |
| Net result | 9.3 | -0.6 |
| Change relative to previous year in % | 1539.7% | -118.0% |
| as a % of net sales | 12.6% | -1.1% |
| as a % of average shareholders' equity | 18.9% | -1.4% |
| Cash flow from operating activities | 8.9 | -1.3 |
| Change relative to previous year in % | 783.4% | -115.6% |
| as a % of net sales | 12.2% | -2.1% |
| Cash flow from investing activities | -1.1 | -5.0 |
| Change relative to previous year in % | -77.3% | 92.7% |
| as a % of cash flow from operating activities | -12.6% | 380.5% |
| Free Cash Flow | 7.8 | -6.3 |
| Change relative to previous year in % | 224.3% | -207.9% |
| as a % of net sales | 10.6% | -10.3% |
| Average number of employees | 371 | 401 |
| Personnel expenses | 34.5 | 30.2 |
| Total assets | 83.7 | 65.9 |
| Shareholders' equity | 52.5 | 45.3 |
| as a % of assets | 62.7% | 68.7% |
| Net liquidity (including current financial assets) | 51.9 | 41.6 |
| Per share data ¹⁾ | | |
| Average number of shares | 165 019 | 165 589 |
| Earnings per share in USD (non-diluted) | 56.07 | -3.88 |
| Free Cash Flow per share in USD | 47.37 | -37.98 |
| Shareholders' equity per share in USD | 317.87 | 273.38 |
| Dividend per share in CHF ²⁾ | 35.00 | 7.00 |
| Share price data as of 30.09. in CHF | 635.00 | 520.00 |
| Yield in % ³⁾ | 5.5% | 1.0% |

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 2, 2021.

³⁾ Distribution in percentage of the share price as of September 30, 2021.



Datacolor Spectro1000V



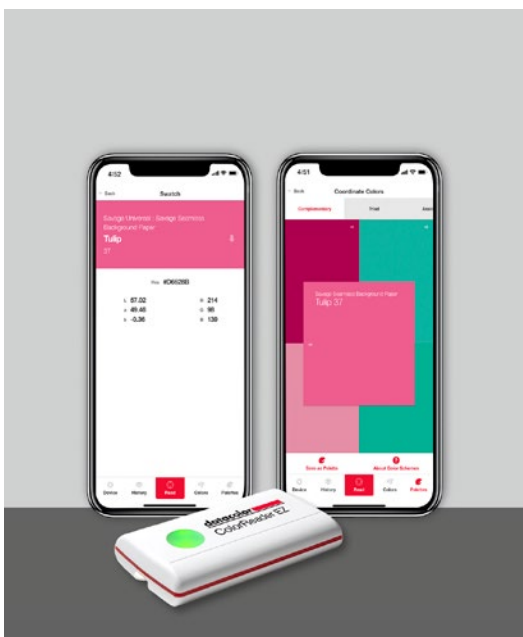
Datacolor Spectro1000



ColorReader Spectro



Datacolor Spectro700



ColorReader EZ



SpyderX Create-Kit

Report of the Board of Directors

Fiscal 2020/21 proved to be a real obstacle course for Datacolor due to the pandemic and shortages of materials, in particular electronic components and microchips, as well as a scarce capacity in the international movement of goods. Sales and production planning had to be repeatedly adjusted at short notice to the changing situation.

Nevertheless, the fiscal year developed better than expected. Efforts undertaken in the previous year to streamline and rejuvenate the Datacolor organization paid off in the year under review. Thanks to the great flexibility and commitment demonstrated by our employees, Datacolor achieved a result for fiscal 2020/21 that in this highly challenging environment is encouraging in every respect. While sales did not entirely match the pre-pandemic level, profitability was sustainably increased at all levels. A strong financial result contributed significantly to the record profit in the year under review. This very pleasing annual result is also reflected in the high performance-based compensation paid in the year under review, which was absent in the unsatisfactory previous year.

Once again, significant investments were made in the further development of innovative color management technology and in expansion of Datacolor's comprehensive product range. In the year under review, Datacolor again successfully launched a number of high-precision products for customers in the textile and apparel sector and the paint, dye and plastics industries as well as for the fast-growing consumer market by also further expanding its sales organization.

The high-precision benchtop spectrophotometer series Datacolor Spectro 1000/700 was introduced in spring 2021. It ensures uniform color assessment across various locations throughout the supply chain and allows for remote service thanks to internet connectivity. In addition, the integration of Datacolor ColorReader products into the RAL color standard system in the summer marked the start of a collaborative venture with the RAL-gGmbH organization, a global leader in color design products.

The Board of Directors is convinced that Datacolor is well equipped to again master the many challenges in the new fiscal year and to further increase sales in line with its strategy. Provided that the economic recovery continues and the availability of key components normalizes, the Board expects that Datacolor will dynamically expand its strong market position through organic growth and, where possible, targeted acquisitions and by growing its user-friendly range of high-precision hard- and software products for color measurement and communication, securing increased sales and a healthy level of profitability in the long term.

Given the gratifyingly strong fiscal 2020/21, the continued solid equity base and high liquidity, the Board of Directors will propose to the Annual General Meeting of Datacolor AG on December 7, 2021 that a dividend of CHF 35 per share be distributed.

The past fiscal year was overshadowed by the passing of Anne Keller Dubach. She succumbed to a serious illness at the age of only 65. Anne Keller Dubach was a core shareholder for many years and a member of the Board of Directors of Datacolor AG since 2012. In both functions, she made a significant contribution to the development of Datacolor AG. For this, she deserves the gratitude of the Board of Directors and the Executive Committee.



Werner Dubach
Chairman of the Board of Directors

DATACOLOR IN FISCAL 2020/21

Strong recovery of business as the economy bounces back from the pandemic

Datacolor experienced a faster than anticipated bounce back from the economic impact triggered by the pandemic in fiscal 2020/21. Once the availability of vaccines by late 2020 was announced, companies restarted their projects and investment activities. In the year under review, this was reflected in a significant increase in orders from the textile and apparel, paint, dye and plastics industries as well as from the consumer market. Datacolor's high-precision color management solutions support digital and remote workflows and thus meet customers' demanding digitization needs. Datacolor's consumer solutions for designers and photographers saw a solid resurgence in demand as people assured their digital workflows were enhanced by using Datacolor's color management solutions. The company's service business, which had remained stable during the pandemic, continued to be resilient despite the contact restrictions that made it difficult to perform on-site visits to maintain instruments.

The pandemic continued to be the source of several challenges. Due to recurring waves of infection, travel and contact restrictions were again imposed in various countries, some of which will have an impact into the next fiscal year. Additionally, many supply chains, especially for electrical components, were hit with component and material shortages, leading increased lead times and cost increases for some of Datacolor's products. Despite these challenges Datacolor was able to assure supply of all its products and provide all services either on-site or through remote interaction with customers.

The strong rebound in sales combined with a downsized company structure and the good financial result led to a record profit. Sales increased to USD 73.6 million (fiscal 2019/20: USD 61.0 million), up 20.6% to previous year and 19% in local currency. Gross profit margins returned to pre-pandemic levels at 65.2% (61.8%). EBITDA was USD 8.1 million (USD 1.8 million), the EBITDA margin was 11.0% (3.0%), EBIT USD 6.4 million (USD 0.3 million) and the EBIT margin was a high 8.7% (0.4%). A very positive development of the investment portfolio and favorable exchange rates led to an above-average financial result of USD 4.5 million (USD -0.9 million). This resulted in an outstanding net result of USD 9.3 million (USD -0.6 million), or USD 56.07 (USD -3.88) per share. The average number of employees was 371 (401) in the year under review.

New organizational setup of Executive Committee fully implemented

As part of the streamlining of the organization in the last fiscal year, Human Resources and Marketing were placed under the responsibility of the Chief Executive Officer and the Executive Committee was reduced from seven members in 2020 to five in 2021. Furthermore,

the Executive Committee was rejuvenated with the entry of Kevin Quinn at the beginning of the year under review. He took over Sales and Marketing Consumer Solutions from Brian Levey, who retired at the beginning of 2021.

Strong sales recovery in all regions

All regions were able to benefit significantly from the revitalization of sales as customers restarted many investment programs in fiscal 2020/21. This led to double digit growth in all regions, with Asia Pacific and the Americas leading the strong recovery. This positive trend is reflected in the geographical sales breakdown. The Asia-Pacific region's share of sales rose to 39.3% (38.3%) in the year under review. The Americas increased their share to 27.9% (27.0%), and Europe contributed 32.8% (34.7%) to Datacolor's net sales.

Expanding product range and collaborations

Despite all the challenges the Company faced because of the pandemic, Datacolor was successful in launching several new products in the year under review. In January Datacolor announced the launch of the Datacolor Spectro 1000/700 series, a family of close-tolerance benchtop spectrophotometers designed for high efficiency and confidence in digital color formulation and quality control, featuring internet connectivity for upcoming remote services and the ability to capture the temperature of samples measured. This is an essential new quality control feature for those who work with materials that need to be within certain temperature ranges to assure accurate color measurement. In June the Company introduced several new accessories to its Spyder product line, offering an even easier and faster calibration of monitors. In July several new product bundles for the Consumer market were introduced and Datacolor announced the collaboration with RAL gGmbH, an established German based color standard company, resulting in the integration of the Datacolor ColorReader products with the RAL color standards.

Strong Financials

The combination of the bounce back in sales and the increased efficiency allowed for a substantial increase in gross profit amounting to USD 48.0 million (USD 37.7 million). In addition, overhead costs were lower in the year under review, as were sales and marketing expenses due to the pandemic-related reduction in trade show and travel costs. Datacolor's gross profit margin in fiscal 2020/21 was back at the pre-pandemic level of 65.2% (61.8%), despite significantly higher freight costs, especially in Asia, as well as higher material costs, especially for electronic components. The above factors also resulted in significant increase of net cash including financial assets with USD 10.3 million to USD 51.9

million (September 30, 2020: USD 41.6 million). Higher sales also lead to an increase in accounts receivable to USD 8.8 million (USD 5.8 million). Due to the supply chain shortages the inventory levels were deliberately increased to USD 10.7 million (September 30, 2020: USD 6.7 million). Thanks to the strong company performance there is a higher payout of performance related compensation, increasing accrued liabilities to USD 19.0 million (USD 12.0 million). At the end of the reporting period, the total assets amounted to USD 83.7 million (September 30, 2020: USD 65.9 million). Datacolor remains debt free. Shareholders' equity increased to USD 52.5 million (September 30, 2020: USD 45.3 million). The equity ratio was 62.7% (September 30, 2020: 68.7%).

Datacolor AG

The holding company Datacolor AG posted a profit of CHF 0.5 million (fiscal 2019/2020: CHF 1.1 million) for fiscal 2020/21. Following the distribution of a dividend of CHF 1.2 million to shareholders in December

2020 Datacolor AG had shareholders' equity of CHF 16.6 million as at September 30, 2021 (September 30, 2020: CHF 17.5 million). Based on the strong fiscal year 2020/21 and the remaining solid equity base, the Board of Directors proposes to the Annual General Meeting on December 7, 2021, the distribution of a dividend of CHF 35 per share.

Outlook

The Board of Directors and the Executive Committee of Datacolor again expect strong sales and earnings momentum in the new fiscal, provided that the economic recovery continues and the situation in the supplier sector, especially the availability of microchips, stabilizes. With its lean, rejuvenated organization, high cash position and strong shareholders' equity base, Datacolor is well prepared to dynamically expand its market position, primarily through organic growth and, if possible, also through targeted acquisitions.

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This report contains forward-looking statements that reflect management's views with respect to future events. Such statements are subject to risks and uncertainties. Datacolor disclaims any liability that actual results correspond to the forward-looking statements and does not assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this report.

GROUP STRUCTURE

Introduction

This corporate governance report describes the principles of leadership and control at the top organizational levels of Datacolor AG, in accordance with the Directive on Information Relating to Corporate Governance (DCG) issued by SIX Swiss Exchange AG as well as the guidelines and recommendations of the Swiss Code of Best Practice for Corporate Governance. Unless indicated otherwise, the information in this report for fiscal year 2020/21 is as at September 30th, 2021 or for the year then ended.

The information on Corporate Governance can also be retrieved under the following link:

<https://ir.datacolor.com/corporate-governance/>

Roles and duties of Datacolor AG

Datacolor AG as top holding company of the Datacolor Group manages Datacolor's business by means of objectives. Datacolor AG is involved in the planning process for the Datacolor Group and monitors adherence to the budget. Once the three-year plan and the budget have been approved by the Board of Directors of Datacolor AG, the Executive Committee acts on its own authority within the limits of the budget and the rules of competence. The Executive Committee is responsible for consolidation, financing, controlling, asset management and investor relations.

Datacolor AG is a public limited company under Swiss law with headquarters in Risch listed on SIX Swiss Exchange. The overview of shareholdings can be found in note 28 „Group entities“; the market capitalization is shown on page 2.

Strategy

Datacolor provides worldwide products and services to industrial as well as professional and hobby applications in the area of color measurement, color management, communication of color and color calibration. Datacolor's debt-free balance sheet enables it to achieve long-term growth targets while continuing organic growth and targeted acquisitions.

It aims to achieve significant growth by providing innovative hardware and software products, increasing market penetration, developing new markets, alliances and acquisitions. Its range comprises of products and systems solutions that are competitive in terms of quality, performance and ease of use. The products are tailored to customer requirements and able to offer a large potential for generating added value. Providing services for its products is a growing core activity.

Datacolor aims for market leadership in defined product categories as well as geographic markets and delivers its corporate performance through a flexible, lean and customer-focused organization. In this context, Datacolor limits the production depth to the strategically necessary. Taking into account the requirements of a public company, the aim is to pursue long-term goals with a stable shareholder base.

EXECUTIVE BODIES

Board of Directors of Datacolor AG

Werner Dubach, 1943, CH

Chairman, Board member since 1981
Dipl. Ing. Chem. ETH Zurich
MBA Wharton, University of Pennsylvania

Since 2009 Chairman of the Board, Entrepreneur Partners AG
1981–2009 CEO and Chairman, Eichhof Holding AG

Jvo Grundler, 1966, CH

Deputy Chairman, Board member since 2017
Dr. iur. University of St. Gallen
LL.M. University of Cambridge

Since 2020 Deputy Chairman, Villiger Söhne Holding AG
Since 2019 Board Member, Serto Holding AG
Since 2017 General Counsel and Board Member, HIAG Immobilien Holding AG
Since 2017 Of Counsel, Prager Dreifuss AG
2002–2017 Ernst & Young Legal Services

Hans Peter Wehrli, 1952, CH

Board member since 2001
Prof. em. Dr. oec. publ. University of Zurich

Since 2017 emeritus Professor of Business Administration, University of Zurich
Since 2014 Board Member, Gebäudeversicherung Bern
Since 1991 Board Member, Hårdi Holding AG
2002–2020 Chairman of the Board, Swiss Prime Site AG
1997–2019 Chairman of the Board, Belimo Holding AG

Anne Keller Dubach, 1956–2021, CH

Board member 2012–2021
Lic. phil. I, University of Zurich
SEP Stanford Graduate School of Business

2021 President, Kunsthaus Zurich
1997–2021 Chairwoman of the Board of Trustees, Swiss Institute for Art Research SIK-ISEA
2014–2020 Head Art, Swiss Re
2007–2014 Head Corporate Citizenship, Swiss Re

Thomas Studhalter, 1969, CH

Board member since 2016
MS in Business Administration, Swiss Certified Accountant, HWV Lucerne

Since 2021 CEO, BDO AG
Since 2019 Board Member, Eisner Holding AG
Since 2019 Board Member, Bataillard AG
Since 2018 Board Member, Swiss Prime Site AG
2014–2020 Member of the Regional Management Central Switzerland, Partner, BDO AG
2007–2014 Head of the Central Switzerland region, Partner, KPMG AG

Hanno Elbraechter, 1980, DE

Board member since 2018
European Business Program (EBP) Ecole de Management (ESC) de Bordeaux and University of Applied Sciences Münster

Since 2020 Board Member, Rudolph Research Analytical
Since 2014 Head of Business Unit Technology, Member of Executive Committee, DKSH
2004–2014 CEO Asia, Deckel Maho Gildemeister



Jvo Grundler, Anne Keller Dubach († 2021), Thomas Studhalter, Werner Dubach, Hans Peter Wehrli, Hanno Elbraechter

Datacolor Executive Committee

Albert Busch, 1967, NL/USA

CEO
BS & MS in Electrical Engineering, University of Ghent
MS in Industrial Management, Catholic University Leuven

Since 2008 with Datacolor
Since January 2009 CEO
1991–2008 Management roles, NV Bekaert SA

Philipp Hediger, 1975, CH

CFO
MS in Business Administration, University of Fribourg

Since 2018 with Datacolor
2016–2017 COO/CFO and Member of Executive Management Team, Sequel
2010–2016 CFO, Sequel
2007–2009 Director Financial Reporting, Kofax Group

Patrice Jaunasse, 1964, FR

Vice President Sales and Support
MS in Engineering, Electronics, Telecom and Computer, ESEO

Since 2012 with Datacolor
2002–2011 General Manager and Sales Director EMEA, Tektronix
1998–2002 President and Sales Director, Nettest Telecom Instrumentation

Kevin Quinn, 1977, USA

Vice President Consumer Solutions
BA in Communications & Marketing, Loyola University Maryland
MBA Business Administration, Sellinger School of Business and Management, Loyola University Maryland

Since 2020 with Datacolor
2019–2020 H2Brands Group, Chief Product Officer
2018–2019 Stanley Black & Decker, VP Sales and Marketing
2005–2018 IDL TechniEdge, LLC, Co-Founder & VP Sales and Marketing
2003–2005 Newell Brands-Amerock Division, Strategic Account Channel & Trade Marketing Manager

Tae Park, 1963, USA

Vice President R&D and Operations
BS in Electrical Engineering / Biomedical Engineering, University of Pennsylvania

Since 2010 with Datacolor
2007–2010 VP of Engineering-Operations, Power Medical Interventions
2006–2007 Program & IP Manager, Kovio



Kevin Quinn, Philipp Hediger, Albert Busch, Patrice Jaunasse, Tae Park

Board of Directors

Elections and term of office

Members of the Board of Directors are elected by the Annual General Meeting of Shareholders for an individual term of office of one year. Newly elected members complete the terms of their predecessors. There are no limitations on terms of office.

Internal organization

The Board of Directors is self-constituting. It appoints committee members and the secretariat.

Duties

The Board of Directors is the supreme executive body of the Holding company. It adopts resolutions which determine the company's fundamental direction and oversees the work of senior management.

Committees

The Board of Directors has established committees to support its work. The primary role of these committees is to prepare business affairs and oversee the implementation of Board resolutions. Furthermore, the Board of Directors may delegate the final handling of certain affairs to the committees, provided that delegation of such tasks is not prohibited by law. The Board of Directors has established two committees: the Finance and Audit Committee as well as the HR and Compensation Committee. Furthermore, the Steering Committee acts as a supervisory and control instrument.

- The Finance and Audit Committee prepares the financial plan, the budgets and the statements for submission to the Board of Directors. Amongst other things, it issues instructions and monitors the appropriation of liquidity and the execution of asset management operations.
- The HR and Compensation Committee drafts proposals for the compensation of the Board of Directors. It also submits proposals to the Board for appointments to the position of CEO and CFO. The Committee sets the fixed and variable components of remuneration for the top levels of management, taking into account the situation on the labor market, performance and achievement established targets. If the Committee deliberates on the remuneration of a member of the HR and Compensation Committee, this member shall withdraw from the proceedings.

Finance and Audit Committee: Werner Dubach, Thomas Studhalter, Albert Busch, Philipp Hediger (without voting right).

HR and Compensation Committee: Dr. Jvo Grundler, Hanno Elbraechter.

Principles of operation of the Board of Directors and its committees

The Board of Directors meets as often as business requires, a minimum is though four times a year. Committee meetings are held in addition to Board meetings. Board

meetings usually last for between half a day and a day.

In 2020/21, the following number of meetings was held:

| | |
|---------------------------------|---|
| – Board of Directors | 4 |
| – Finance and Audit Committee | 8 |
| – HR and Compensation Committee | 5 |

Areas of competency

Board of Directors

The Board of Directors represents the company externally and manages all company activities unless responsibility for these has been transferred to another company body in accordance with the law, the Articles of Association or other policies. The non-transferable and inalienable duties are governed in article 716a of the Swiss Code of Obligations.

Unless the law, the Articles of Association or the directives issued by the Board of Directors stipulate otherwise, the Board of Directors delegate the operational management of the company to the CEO, together with the authority to delegate associated tasks onwards. The company's Organization Regulation governs the breakdown of responsibility between the Board of Directors and the Executive Committee and can be obtained on the following website:

<https://ir.datacolor.com/corporate-governance/>

Executive Committee

Executive Committee members are appointed by the Board of Directors.

Information and control instruments vis-à-vis the Executive Committee

The Executive Committee informs the Board of Directors about the current status of the business, the consolidated balance sheet, the income statement and deviations to the budget on a monthly basis. On the occasion of the four meetings of the Board of Directors during the year, the Executive Committee reports on significant business transactions and on the results of the group-wide management of financial and operating risks.

Findings of the following bodies also contribute to the regular decision-making process:

- External auditor KPMG AG, Lucerne (auditor for Datacolor AG), which conducts its audit two times a year in accordance with Swiss law and Swiss auditing standards. External auditor meets with the Finance and Audit Committee minimum one time a year to discuss specifically relevant topics.
- Internal Audit and Risk Management, which monitors the existence and adequacy and permanently seeks improvements to the internal control system. Further, a systematic process captures strategic, operational and financial risk and develops and executes measures to mitigate and eliminate risks. Internal Audit is carried out at least once a year throughout the Datacolor Group, however, it is conducted on a topic-spe-

Corporate Governance

cific and unit-by-unit basis. Further information can be found in note 15 on pages 31–32.

Information on general blackout periods

The Board specifies generally applicable black-out periods in the context of the half year and annual financial statements. A blackout period applies to the board of directors, senior management and all persons who through their work gain insight into the preparation of the financial figures of the Datacolor Group: during a reasonable period of time before and after the publication of the half year and annual financial statements of Datacolor AG, the aforementioned persons must not trade in Datacolor shares. For other non-public information, ad hoc blackout periods may be determined by the board of directors, the chairman or the CEO.

Permitted activities

The number of activities permitted for members of the Board of Directors and Executive Committee is governed by Art. 24 of Datacolor's Articles of Association. The Articles of Association can be obtained online on the following website:

<https://ir.datacolor.com/corporate-governance/>

INFORMATION FOR INVESTOR

Share capital

The share capital amounts to CHF 168 044 consisting of 168 044 registered shares with a nominal value of CHF 1 each. The registered shares entitle the holder to one vote at the General Meeting, provided that the shareholder is recorded with voting rights in the Datacolor AG share register.

Authorized capital

There is no authorized capital.

Conditional capital

The share capital can be increased by a maximum amount of CHF 16 804 (previous year: CHF 16 804) by issuing 16 804 registered shares with a nominal value of CHF 1 each. This conditional capital amounts to a maximum of CHF 16 804, which corresponds to 10% of the actual share capital.

Changes in capital

In the reporting period and the two preceding periods the capital structure of Datacolor AG remained unchanged. Refer to the consolidated changes of equity and the statement of changes in equity of Datacolor AG.

Participation certificates

There are no participation certificates.

Limitations on transferability and nominee registrations

There are no limitations with regard to transferability and nominee registrations.

Convertible bonds and options

Datacolor AG has no outstanding convertible bonds. Regarding options please refer to the Compensation report of Datacolor AG.

Share listing

Datacolor AG's shares are listed on SIX Swiss Exchange Zurich under security number 853 104. See Information about Datacolor Share on page 2 for an overview of the stock market listing and details of the market capitalization.

Legal status of shareholders

Shareholders in Swiss public limited companies are granted extensive statutory participation and protection rights by law. These participation rights are further supplemented by the company Articles of Association. These ensure that, pursuant to the Code of Obligations, the Annual General Meeting of Shareholders is convened by placing a one-time announcement in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) and by sending a written invitation to the registered shareholders. An item is added to the agenda of the Annual General Meeting of Shareholders if the corresponding request is received no later than 40 days before the date of the meeting. Every shareholder may, besides the independent proxy provided for by law, allow his or her shares to be represented at the Annual General Meeting by a shareholder with a written proxy form.

Voting rights limitations

Every shareholder entered with voting rights in the share register is entitled to vote - except for the shares of the Members of the Executive Committee in the blocking period. No new entries in the share register are made during the 22 days before the Annual General Meeting of Shareholders. There are no limitations on voting rights.

Entries in the share register

The entry of purchasers in Datacolor AG's share register is not subject to any conditions.

Cross-shareholdings

There are no cross-shareholdings.

Shareholdings in companies

There are no shareholdings in listed companies. Percentage shareholdings in unlisted companies are disclosed on the page 37.

Significant shareholders

Refer to Datacolor share information on page 2. Information on changes in ownership and voting rights can be found on the website of the Disclosure Office:

[https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/#/](https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/)

There were no disclosures made during the reporting period.

Duty to make an offer

The company’s Articles contain no provisions regarding a duty to make an offer.

Clauses on changes of control

There are no clauses on changes of control.

Auditors

Duration of the mandate and term of office of the lead auditor

Datacolor AG has appointed KPMG AG, Lucerne as auditor. In each case, the mandate is granted by Datacolor AG’s Annual General Meeting of Shareholders for a period of one year. The mandate was first given to KPMG in 1992. The auditor in charge started the mandate in fiscal year 2020 /21. Rotation corresponds to the legal requirements of seven years.

Audit fee

KPMG received an audit fee of TUSD 215 for the reporting year 2020/21.

Additional fees

In addition to the audit fee, KPMG provided other services for TUSD 152 relating mainly to tax and customs consultancy services.

Supervisory and control instruments vis-à-vis the auditors

The Board of Directors holds at least two meetings a year with the auditor in charge of the mandate. The matters dealt with at these meetings include the planning and conduct of audits, the risks and controls of the Datacolor, the main points arising from management letters, the reports on special audits and the report of the auditor. The Board of Directors has appointed a Steering Committee to manage the audits and to monitor the implementation of the auditors’ proposals. This Committee is made up of the Chairman, the CEO and the CFO of Datacolor AG and the auditor in charge of the mandate and meets regularly while audit work is being carried out. During the reporting period, three meetings of the auditors were held with the Board of Directors.

Information policy

Publications

Datacolor AG publishes a semi-annual report and an annual report in accordance with Swiss GAAP FER. Additionally, shareholders and the capital market are kept informed of current changes and developments through press releases. As a company listed on SIX Swiss Exchange, Datacolor AG is aware of its duty to disclose events relevant to its share price (ad-hoc disclosure of price-sensitive information). Information of the periodical financial reporting as well as ad-hoc news releases and further information on the Datacolor Group can be accessed through website under the following link: <https://ir.datacolor.com/medien/>

Key dates

| | |
|---------------------------|-------------------|
| Shareholder’s meeting | December 7, 2021 |
| Semi-Annual report | May 6, 2022 |
| Key Figures Annual Report | October 27, 2022 |
| Annual Report | November 17, 2022 |
| Shareholder’s meeting | December 7, 2022 |

COMPENSATION REPORT

The Compensation Report contains information on the remuneration of the Board of Directors and the Executive Committee of Datacolor AG. The information provided in this Compensation Report relates to the financial year 2020/21, unless otherwise noted. The remuneration report is prepared in accordance with the following regulatory provisions: Swiss Code of Obligation, Ordinance against Excessive Compensation in Listed Corporations (the «Ordinance»), Directive on Information Relating to Corporate Governance by SIX Swiss Exchange, the «Swiss Code of Best Practice for Corporate Governance» of *economiesuisse*.

According to the Ordinance, the General Assembly must vote on the remuneration. The statutes of Datacolor AG includes the tasks and responsibilities of the HR and Compensation Committee, the performance-based remuneration and the allocation of equities, to members of the Board of Directors and Executive Committee.

The complete statutory regulations regarding the approval of remuneration of Directors and the Executive Committee by the General Meeting (Art. 21), applicable additional amount for the remuneration of additional members of the Executive Committee (Art. 22), regulation of the principles of the remuneration (Art. 20), rules for loans and credits (Art. 23) and HR and Compensation Committee (Art. 27) can be found on: <http://ir.datacolor.com/en/corporate-governance/>

The remuneration paid is disclosed in accordance with the accrual basis accounting principle, independent of cash flow), i.e. all remuneration is reported in the financial year in which it is recorded in the annual financial statements.

1. General principles

The success of Datacolor depends to a large extent on the qualification and commitment of its employees. The key objectives of the remuneration policy are to attract, retain and motivate qualified employees. The performance orientated variable compensation the share-based component aim to promote entrepreneurial thinking and action. The key principles are:

- Compensation is performance-based and market-driven.
- Employees participate in the economic success.
- Compensation is fair and transparent.
- Short- and long-term compensation components are incorporated.

2. Principles of the compensation system

Remuneration of the members of the Board of Directors consists of two components :

- fixed basic compensation.
- performance-related bonus in cash (short-term)

Remuneration of the members of the Executive Committee consists of three components:

- fixed basic compensation.
- performance-related bonus in cash (short-term).
- performance-related compensation in shares (non-current).

2.1 Compensation of the Board of Directors

The Compensation Policy for the Board of Directors was issued on December 7, 2017. The regulations were revised on September 13th, 2021 for the last time. The members of the Board of Directors (all are non-executive) are remunerated with a fixed cash compensation. Fixed basic compensation includes an annual remuneration, lump sum, other allowances and other payments based on individual agreements (employment agreement of the Chairman of the Board with Datacolor AG Europe) including respective social security deductions. The amount of the fixed compensation is at the discretion of the Board of Directors. Reimbursement of expenses is not deemed as remuneration.

Variable compensation paid in cash, is determined by the Board of Directors after the end of the financial year. The Board of Directors bases its decision on business performance considering organic sales growth (excluding acquisitions and divestitures) and operating profit EBIT.

The Board of Directors complies with the provisions of the corresponding resolution of the Annual General Meeting in determining remuneration.

The Board of Directors has not based its decisions on the compensation for the members of the Board of Directors on benchmarks.

As in the previous fiscal year, the members of the Board of Directors have the right to purchase a number of Datacolor AG registered shares determined by the Board of Directors. The shares are subject to a three-year blocking period. Due to the vesting period, the shares are purchased at a discount. For each year of the vesting period the relevant share price (the average price of Datacolor AG registered shares over a period of 6 months ending on the date of allocation of the shares) is discounted by 6% (in accordance with Circular No. 37 of the Swiss Federal Tax Administration for the Taxation of Employee Stock Ownership). The beneficiaries may only sell the shares after the vesting period has expired. They are entitled to unlimited voting and dividend rights as of the acquisition of the shares. If a member of the Board of Directors leaves the Board, is not re-elected or is no longer standing for election, there is no effect on his rights to or from the shares or on the blocking period. As the shares are acquired at the discounted value accepted for tax purposes and entirely from own funds. The acquisition of the discounted shares does not qualify as remuneration according to Art. 14 of the Ordinance.

2.2 Compensation of the Executive Committee

The compensation of the Executive Committee consists of (i) a fixed base salary in cash, (ii) variable performance-based bonus in cash, (iii) a long-term variable compensation based on an equity security component as (iv) contributions to pension funds and social insurances. Reimbursement of expenses is not deemed to be remuneration.

The fixed base salary is mainly determined by the respective organizational function, the accountability level, the qualification and experience and employment market conditions.

Since fiscal 2015/16, 50% of the total variable remuneration is paid out in cash to the CEO and CFO. Short-term variable compensation amounts to 60% of the variable compensation for the other members of the Executive Board. The remaining portion of the variable compensation of 50% for the CEO and CFO and 40% for the other Executive team members, is paid out with restricted Datacolor AG registered shares, which are subject to a vesting period of three years for the acquisition of the shares.

The criteria for determining the total variable compensation (short-term and long-term components) are defined in a set of rules issued by the Board of Directors. The regulations were revised on October 1st, 2019. The resulting adjustments were applied initially in financial year 2019/20. Variable remuneration is determined as follows in accordance with the current regulations:

The pool available for the payment of performance-related bonuses is determined on the basis of two financial value drivers, namely organic sales growth compared to the previous year and budget (60% weighting share) and operating EBIT compared to budget (40% weighting share) The Board of Directors sets respective annual targets for the financial value drivers during the budgeting process. The pool for performance related bonus payments is a maximum of 200% of the budgeted target value of short-term component of variable compensation.

If the EBIT achieved falls below the target set by the Board of Directors by more than 50% (minimum threshold), no credit is recorded in the variable compensation pool and there is no entitlement to variable performance-related bonuses. A proposal from the CEO and approval by the HR and Compensation Committee is required for exceptions.

From the pool of performance related bonuses, the Executive Committee members and other employees eligible for bonus payments receive individual performance-related bonuses based on the achievement of their respective individual performance goals. Measurable individual goals are agreed during the management-by-objectives process at the beginning of each fiscal year between the Chairman of the Board and the CEO as well as between the CEO and the members of the Executive Committee.

The individual performance-related bonus depends on the accomplishment of individual performance objectives and the financial success of the company (organic

sales growth, operating EBIT). The performance-related bonus may be a maximum of 150% of the annual target salary. The target salary is defined by the total of both fixed base compensation plus the performance-related variable short-term and long-term compensation.

The achievement of the individual targets is weighted at 100% when determining the performance-related bonus.

The long-term variable compensation to the Executive Committee is paid in Datacolor AG registered shares based on a management share plan. The shares are subject to a vesting period of three years, ownership and voting rights of the shares is not transferred to the plan participants until three years have elapsed since the allocation of the shares. Dividends paid during the vesting period will be paid out to the plan participants after the vesting period has expired. After the end of the vesting period, the acquired shares are generally settled in cash, unless the plan participant submits a written request to continue holding the shares no later than one month before the end of the vesting period. In the event of voluntary termination of employment, the plan participant loses all unvested shares in the event of involuntary termination, retirement by mutual consent or in accordance with local regulations, death or disability, vesting will occur for all shares that have not yet vested. These shares are sold to Datacolor AG one month after termination of employment.

For each year of the vesting period, the relevant share price for the allocation of Datacolor registered shares is discounted by 6% in accordance with Circular No. 37 of the Swiss Federal Tax Administration for the Taxation of Employee Stock Ownership. The relevant price for the allocation of the shares is the volume-weighted average price for the period from April 1st to September 30th prior to the allocation of the shares. If less than 3000 shares were traded during this period, the period is extended to 12 months (October 1st to September 30th).

Pension and social insurance expenses include employer contributions to social security as well as mandatory and non-mandatory occupational benefits. The expense regulations for the members of the Executive Committee are basically the same as those applicable for all other employees of the respective group company. Additional rules apply for lump-sum compensation of representatives and petty expenses for the members of the Executive Committee residing in Switzerland that have been approved by the relevant cantonal tax authorities. A company car is made available to one member of the Executive Committee. It's not provided in the employment agreements of the other Executive team members.

The compensation of the Executive Board must be determined in accordance with the provisions of the corresponding resolution of the General Meeting of Shareholders.

Neither benchmarks nor salary comparisons have been applied in determining the compensation of the Executive Board.

Employment agreements have notice periods of a ma-

ximum of six months. The employment agreements with the Executive Committee members do not provide for termination pay.

Executive Committee members do not hold permanent executive or consulting functions in any important interest group and do not hold any official or political administrative positions. No management agreement exists.

3. Competences and determination procedures

The overall compensation structure and equity security participation plans are submitted by Corporate Human Resources for review by the CEO and the HR and Compensation Committee. The Board of Directors approves compensation and equity participation plans. In fiscal year 2020/21, no external consultants were utilized.

The HR and Compensation Committee consists of two members of the Board of Directors: Dr. Jvo Grundler (Chairman) and Hanno Elbraechter (Member).

The Board of Directors approves the conditions of employment and mandate contracts, target remuneration for the Board of Directors (including the Chairman), the CEO and the other members of the Executive Committee and determines the annual variable remuneration for the Board and the other members of the Board of Directors. The Board of Directors determines the compensation system including the elements of fixed and variable compensation.

The HR and Compensation Committee (i) proposes the terms of employment and mandate contract and the annual fix and variable compensation for the Chairman of the Board, (ii) proposes at the request of the Chairman, the conditions of the employment and mandate contracts and the target remuneration for the remaining members of the Board and the CEO, and (iii) proposes upon the CEO's request amendments to contract terms, the target remuneration and the annual variable compensation for the other members of the Executive Committee. The HR and Compensation Committee is responsible for review-

ing and, if necessary, revising the compensation system. Board of Director approval is required for all HR and Compensation Committee proposals.

The Chairman proposes the conditions of employment and mandate contracts and the target remuneration for the members of the Board of Directors (excluding the Chairman) and the CEO for the review by the HR and Compensation Committee and approval by the Board of Directors. The Chairman determines the annual variable remuneration of the CEO.

The CEO proposes the conditions of employment contracts, the target remuneration and the annual variable remuneration for the other Executive Committee members for review by the Compensation Commission and approval by the Board of Directors.

The General Meeting elects the members of the Remuneration Committee individually for a term of one year until the end of the next ordinary General Meeting. Re-election is permitted. The Remuneration Committee consists of at least two members. Only the members of the Board of Directors may be elected.

The HR and Compensation Committee meets as often as business requires, a minimum of four times a year. In the year under review, the members of the HR and Compensation Committee met on November 2nd 2020, January 26th, 2021, on March 24th, 2021, on June 1st, 2021 and on September 13th, 2021 for one to two hours. All members of the Committee attended all meetings.

4. Compensation for the fiscal year and previous year

4.1 Board of Directors

The total compensation of the members of the Board of Directors, which are all non-Executive, amounted in the reporting period to TCHF 1 217 (previous year: TCHF 735). In the year under review, the Board's variable compensation amounted to 38% (previous year: 0%) of the fixed compensation. The details of the compensation in the reporting period and previous year respectively are disclosed in the tables below.

| in TCHF | Remuneration fix | | Remuneration variable | | Social Costs | Pension costs | Total |
|--|------------------|------------|-----------------------|--------------|--------------|---------------|--------------|
| | cash based | cash based | share-based | option based | | | |
| Compensation for Board of Directors 2020/21 | | | | | | | |
| Werner Dubach, Chairman | 560 | 102 | | | 37 | | 699 |
| Dr. Jvo Grundler, Deputy Chairman | 80 | 63 | | | 9 | | 152 |
| Anne Keller Dubach*, member | 49 | 38 | | | 6 | | 93 |
| Prof. Dr. Hans Peter Wehrli, member | 49 | 38 | | | 6 | | 93 |
| Thomas Studhalter, member | 49 | 38 | | | | | 87 |
| Hanno Elbraechter, member | 49 | 38 | | | 6 | | 93 |
| Total | 836 | 318 | | | 63 | | 1 217 |

* due to the passing of Anne Keller Dubach, the board compensation is paid to the community of heirs

| in TCHF | Remuneration fix | | Remuneration variable | | Social Costs | Pension costs | Total |
|--|------------------|------------|-----------------------|--------------|--------------|---------------|------------|
| | cash based | cash based | share-based | option based | | | |
| Compensation for Board of Directors 2019/20 | | | | | | | |
| Werner Dubach, Chairman | 500 | 0 | | | 27 | | 527 |
| Dr. Jvo Grundler, Deputy Chairman | 56 | 0 | | | 4 | | 60 |
| Anne Keller Dubach, member | 35 | 0 | | | 3 | | 38 |
| Prof. Dr. Hans Peter Wehrli, member | 35 | 0 | | | 2 | | 37 |
| Thomas Studhalter, member | 35 | 0 | | | | | 35 |
| Hanno Elbraechter, member | 35 | 0 | | | 3 | | 38 |
| Total | 696 | 0 | | | 39 | | 735 |

4.2 Executive Committee

In the reporting period, the variable compensation of the

Executive Committee members was between 88% and 200% of the fixed base salary (previous year 0%).

| in TCHF | Remuneration fix | | Remuneration variable | | Social Costs | Pension costs | Total |
|---|------------------|------------|-----------------------|--|--------------|---------------|--------------|
| | cash based | cash based | share based | | | | |
| Compensation for fiscal 2020/21 | | | | | | | |
| To seven members of the Executive Committee | 1 191 | 837 | 711 | | 125 | 80 | 2 944 |
| Thereof highest compensation: Albert Busch | 347 | 347 | 347 | | 8 | 25 | 1 074 |

| in TCHF | Remuneration fix | | Remuneration variable | | Social Costs | Pension costs | Total |
|---|------------------|------------|-----------------------|--|--------------|---------------|--------------|
| | cash based | cash based | share based | | | | |
| Compensation for fiscal 2019/20 | | | | | | | |
| To seven members of the Executive Committee | 1 275 | | | | 172 | 105 | 1 552 |
| Thereof highest compensation: Albert Busch | 324 | | | | 8 | 21 | 353 |

5. Proposals to the Annual General Meeting 2021

According to Art. 21 of bylaws the shareholders will vote on the remuneration of the Board of Directors and Executive Committee separately at the General Meeting 2021 on December 7th, 2021.

5.1 Approval of the remuneration of the Board of Directors

Approval of the total fixed remuneration of the members of the Board by the Annual General Meeting 2021 to the Annual General Meeting 2022: The Board of Directors proposes that the shareholders approve the maximum

Compensation Report 2020/21

total amount of the fixed remuneration of the Board members for the period from the Annual General Meeting 2021 to the Annual General Meeting 2022 of TCHF 850 (exclusive statutory employer contributions to AHV / IV / ALV).

Approval of the variable compensation of the members of the Board of Directors for the current fiscal year 2021/22: The Board of Directors proposes that the shareholders approve the maximum total amount of the variable remuneration of the Board members for the current financial year 2021/22 of TCHF 500 (exclusive statutory employer contributions to AHV / IV / ALV).

5.2 Approval of the remuneration of the Executive Committee

Approval of the total fixed remuneration of the members of the Executive Committee of the Annual General Meeting 2021 to the Annual General Meeting 2022: The Board of Directors proposes that the shareholders approve the maximum total amount of the fixed remuneration of the members of the Executive Committee for the period from the Annual General Meeting 2021 to the Annual General Meeting 2022 of TCHF 1 500 (exclusive statutory employer contributions such as AHV / IV / ALV).

Approval of the variable compensation of the members of the Executive Committee for the current fiscal year 2021/22: The Board proposes that the shareholders approve the maximum total amount of the variable remuneration of the members of the Executive Committee for the current fiscal year 2021/22 of TCHF 1 800 (exclusive statutory employer contributions such as AHV / IV / ALV), approve.

According to article 22 of the bylaws of Datacolor, members of the Executive Committee who are appointed after approval of the annual total compensation an additional amount within Art. 19 Ordinance per new member is available to the extent of a maximum of 30% of the most recently approved total for the fixed remuneration of the Executive Committee per financial year, provided that the total amount approved for the corresponding fiscal

year is not sufficient.

6. Compensation of former members of the Board Directors and Executive Committee

No compensation was paid to former members of the Executive Committee and Board of Directors in the 2020/21 fiscal year (previous year: TCHF 0).

7. Loans and credits

As of September 30th, 2021 no loans or credits have been granted or are outstanding to the Executive Committee (previous year: 0). No loans or credits have been granted or are outstanding to members of the Board of Directors or related parties of current or former members of the Board or Executive Committee.

Loans and credits to Board members or the Executive Committee have to be provided at-arms-length terms. The total maximum amount of outstanding loans and credits is limited to CHF 2 million.

8. Shareholdings and options

The total number of shares held by the Board of Directors and the Executive Committee amounted to 142 797 (previous year: 142 797).

The Board of Directors determines, within the limitation of the amounts approved by the shareholders meeting and with the involvement of the HR and Compensation Committee, the number, granting, exercise and buy back conditions such as the minimum blocking period, employment status and buy back terms in case of the termination of the respective employment or a change of control.

No receivables from and payables to related parties were outstanding at the end of the reporting period and previous year with the exception of the independent pension fund.

| | 30.09.2021 Number of shares | 30.09.2020 Number of shares |
|---|-----------------------------------|-----------------------------------|
| Board of Directors and Executive Committee | | |
| Werner Dubach, Chairman | 107 611 | 107 611 |
| Dr. Jvo Grundler, Deputy Chairman | 262 | 262 |
| Anne Keller Dubach*, member | 33 101 | 33 101 |
| Prof. Dr. Hans Peter Wehrli, member | 1 573 | 1 573 |
| Hanno Elbraechter, member | 100 | 100 |
| Thomas Studhalter, member | 150 | 150 |
| Executive Committee | - | - |
| Total | 142 797 | 142 797 |

* due to the passing of Anne Keller Dubach, the shares will be transferred to the community of heirs



Report of the Statutory Auditor to the General Meeting of Datacolor AG, Risch

We have audited the accompanying remuneration report of Datacolor AG for the year ended September 30, 2021. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections 4 and 6 to 8 on pages 16 to 18.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended September 30, 2021 of Datacolor AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Roman Wenk
Licensed Audit Expert
Auditor in Charge

Sandro Mascarucci
Licensed Audit Expert

Lucerne, November 12, 2021

CONSOLIDATED INCOME STATEMENT

| in TUSD | | 2020/21 | | 2019/20 | |
|---|---|---------------|--------|---------------|--------|
| Net sales | 3 | 73 588 | 100.0% | 61 036 | 100.0% |
| Cost of goods sold | | -25 627 | -34.8% | -23 305 | -38.2% |
| Gross profit | | 47 961 | 65.2% | 37 731 | 61.8% |
| Sales and marketing expenses | | -23 031 | -31.3% | -19 861 | -32.6% |
| Administrative expenses | | -11 358 | -15.4% | -11 746 | -19.2% |
| Research and development expenses | | -7 130 | -9.7% | -5 888 | -9.6% |
| Other operating income / expenses | | -10 | -0.0% | 15 | 0.0% |
| EBIT ¹⁾ | | 6 432 | 8.7% | 251 | 0.4% |
| Financial result | 6 | 4 501 | 6.1% | -920 | -1.5% |
| Net result before income taxes | | 10 933 | 14.9% | -669 | -1.1% |
| Income taxes | 7 | -1 681 | -2.3% | 26 | 0.0% |
| Net result for the year | | 9 252 | 12.6% | -643 | -1.1% |
| | | USD | | USD | |
| Earnings per share | 4 | | | | |
| non-diluted | | 56.07 | | -3.88 | |
| diluted | | 56.07 | | -3.88 | |
| | | CHF | | CHF | |
| Earnings per share ²⁾ | | | | | |
| non-diluted | | 50.96 | | -3.75 | |
| diluted | | 50.96 | | -3.75 | |

¹⁾ Interest includes other financial items that are reported in the financial result.

²⁾ The earnings per share in CHF has been calculated from USD to CHF by using the corresponding average rate of the period.

CONSOLIDATED BALANCE SHEET

| in TUSD | 30.09.2021 | | 30.09.2020 | | |
|---|------------|---------------|---------------|---------------|---------------|
| Assets | | | | | |
| Cash | 8 | 19 637 | 23.5% | 13 493 | 20.5% |
| Current financial assets | 9 | 32 298 | 38.6% | 28 119 | 42.6% |
| Trade receivables | 10 | 8 816 | 10.5% | 5 768 | 8.8% |
| Other receivables | 11 | 1 785 | 2.1% | 1 218 | 1.8% |
| Inventories | 12 | 10 674 | 12.8% | 6 716 | 10.2% |
| Current tax assets | | 70 | 0.1% | 70 | 0.1% |
| Prepaid expenses | | 113 | 0.1% | 167 | 0.3% |
| Current assets | | 73 393 | 87.7% | 55 551 | 84.3% |
| Property, plant and equipment | 13 | 7 724 | 9.2% | 7 952 | 12.1% |
| Intangible assets | 14 | 1 154 | 1.4% | 1 386 | 2.1% |
| Deferred tax assets | 7 | 1 402 | 1.7% | 990 | 1.5% |
| Non-current assets | | 10 280 | 12.3% | 10 328 | 15.7% |
| Assets | | 83 673 | 100.0% | 65 879 | 100.0% |
| Liabilities and shareholders' equity | | | | | |
| Trade payables | | 3 318 | 4.0% | 2 960 | 4.5% |
| Current tax liabilities | | 1 553 | 1.9% | 457 | 0.7% |
| Other current liabilities | 17 | 5 369 | 6.4% | 2 922 | 4.4% |
| Accrued liabilities | 18 | 19 028 | 22.7% | 12 031 | 18.3% |
| Short term provisions | 19 | 241 | 0.3% | 180 | 0.3% |
| Current liabilities | | 29 509 | 35.3% | 18 550 | 28.2% |
| Other non-current liabilities | 17 | 1 001 | 1.2% | 1 133 | 1.7% |
| Long term provisions | 19 | 403 | 0.5% | 623 | 0.9% |
| Deferred tax liabilities | | 305 | 0.4% | 305 | 0.5% |
| Non-current liabilities | | 1 709 | 2.0% | 2 061 | 3.1% |
| Liabilities | | 31 218 | 37.3% | 20 611 | 31.3% |
| Share capital | | 153 | 0.2% | 153 | 0.2% |
| Treasury shares | | -2 380 | -2.8% | -2 037 | -3.1% |
| Capital reserves | | -4 433 | -5.3% | -4 433 | -6.7% |
| Retained earnings | | 59 115 | 70.7% | 51 585 | 78.3% |
| Shareholders' equity | | 52 455 | 62.7% | 45 268 | 68.7% |
| Liabilities and shareholders' equity | | 83 673 | 100.0% | 65 879 | 100.0% |

CONSOLIDATED CASH FLOW STATEMENT

| in TUSD | | 2020/21 | 2019/20 |
|--|-------|---------------|---------------|
| Net result before income taxes | | 10 933 | -669 |
| Depreciation of property, plant and equipment | 13 | 1 345 | 1 535 |
| Amortization of intangible assets | 14 | 338 | 63 |
| Result from the disposal of non-current assets | 13 | -3 | -7 |
| Changes in provisions | 19 | -158 | 174 |
| Other non-cash positions ¹⁾ | | -4 | 1 196 |
| Income from securities | 6 | -4 512 | -237 |
| Interest income | 6 | -12 | -38 |
| Income taxes paid | | -995 | -735 |
| Cash flow before changes in working capital | | 6 932 | 1 282 |
| Changes in trade receivables | 10 | -3 096 | 3 225 |
| Changes in other receivables and prepaid expenses | | -535 | 327 |
| Changes in inventories | 12 | -3 994 | -397 |
| Changes in trade payables | | 366 | -985 |
| Changes in other and accrued liabilities | 17/18 | 9 272 | -4 761 |
| Cash flow from operating activities | | 8 945 | -1 309 |
| Investments in property, plant and equipment | 13 | -1 250 | -588 |
| Divestments of property, plant and equipment | 13 | 144 | 74 |
| Investments in intangible assets | 14 | -111 | -603 |
| Investments in financial assets | 9 | -17 201 | -15 624 |
| Divestments of financial assets | 9 | 16 218 | 10 827 |
| Interest and dividends received | | 1 071 | 933 |
| Cash flow from investing activities | | -1 129 | -4 981 |
| Purchase / sale of treasury shares | | -343 | 611 |
| Dividends paid | | -1 271 | -2 569 |
| Cash flow from financing activities | | -1 614 | -1 958 |
| Increase / (decrease) in cash | | 6 202 | -8 248 |
| Cash at beginning of the year | | 13 493 | 21 005 |
| Translation differences on cash | | -58 | 736 |
| Cash at end of the year | 8 | 19 637 | 13 493 |

¹⁾ Other non-cash positions contain especially forex differences.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| in TUSD | Share capital ¹⁾ | Treasury shares ²⁾ | Capital reserves ³⁾ | Retained earnings ⁴⁾ | Accumulated translation differences | Total retained earnings | Total shareholders' equity |
|--|-----------------------------|-------------------------------|--------------------------------|---------------------------------|-------------------------------------|-------------------------|----------------------------|
| Balance as of 01.10.2019 | 153 | -2 863 | -4 379 | 54 075 | -1 641 | 52 434 | 45 345 |
| Dividends paid ⁵⁾ | | | | -2 569 | | -2 569 | -2 569 |
| Sale of treasury shares to BOD ⁶⁾ | | 1 053 | -54 | | | | 999 |
| Purchase of treasury shares ⁷⁾ | | -227 | | | | | -227 |
| Translation differences | | | | | 2 363 | 2 363 | 2 363 |
| Net result for the year | | | | -643 | | -643 | -643 |
| Balance as of 30.09.2020 | 153 | -2 037 | -4 433 | 50 863 | 722 | 51 585 | 45 268 |
| Balance as of 01.10.2020 | 153 | -2 037 | -4 433 | 50 863 | 722 | 51 585 | 45 268 |
| Dividends paid ⁵⁾ | | | | -1 271 | | -1 271 | -1 271 |
| Purchase of treasury shares ⁷⁾ | | -343 | | | | | -343 |
| Translation differences | | | | | -451 | -451 | -451 |
| Net result for the year | | | | 9 252 | | 9 252 | 9 252 |
| Balance as of 30.09.2021 | 153 | -2 380 | -4 433 | 58 844 | 271 | 59 115 | 52 455 |

¹⁾ The share capital as of September 30, 2021 consists of 168 044 (previous year: 168 044) registered shares with a nominal value of CHF 1 each, translated to CHF/USD with the spot rate as of September 30, 2008.

²⁾ Equals the historical purchase value of 3 420 treasury shares (previous year: 2 917). Shares purchased before October 1, 2008 were translated at the CHF/USD closing rate as of September 30, 2008.

³⁾ The capital reserves comprises the reserves from capital contributions confirmed by the Swiss tax authorities (refer to the statutory financial statements of Datacolor AG) and the result of the execution of stock options, as well the result from sale of own shares.

⁴⁾ The retained earnings contain legal reserves that are subject to certain legal restrictions with regard to their distribution, in value of TCHF 84 in the books of Datacolor AG.

⁵⁾ A dividend of CHF 7 (previous year: CHF 15) per share was distributed in the reporting period.

⁶⁾ Members of the Board of Directors did not acquire any registered shares from their own funds as part of their purchase right in the year under review and 1 440 registered shares were acquired in the previous year.

⁷⁾ During the reporting period 503 (previous year: 374) Datacolor registered shares were acquired at an average price of CHF 619 (previous year: CHF 588) for a total amount of kUSD 343 (previous year: TUSD 227).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General policies for the consolidated financial statements

General

Datacolor AG is a Swiss limited company, domiciled in Risch and is the parent company of the Datacolor Group, a worldwide leading provider of solutions for color measurement, management, communication and calibration.

Basis of preparation

The consolidated financial statements were prepared in accordance with Swiss GAAP FER and comply with Swiss law. The consolidated financial statements have been prepared in US Dollar (USD) and were rounded to the nearest thousand unit. The consolidated financial statements are prepared on a historical cost basis, except for financial current assets which are recorded at market value.

The preparation of consolidated financial statements in accordance with Swiss GAAP FER requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are based on management's best judgement at the date of the financial statements. In case such estimates deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate for the year in which the circumstances change.

Scope of consolidation

The consolidated financial statements include the financial statements of Datacolor AG and its subsidiaries that are controlled by Datacolor AG. Control is presumed to exist when Datacolor AG owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise or otherwise exercises management control. Refer to note 28 to the consolidated financial statements for a listing of all Group entities that are included in the consolidation.

There were no changes to the scope of consolidation in the current year reporting period. In the prior year reporting period, on February 4, 2020 Datacolor Holding AG in Switzerland was established and integrated into the consolidation of the Group.

The closing date for the financial statements of Datacolor AG and all its subsidiaries is September 30, with the exception of Datacolor Technology (Suzhou) Co., Ltd., China, Datacolor Trading (Shanghai) Co., Ltd., China, Datacolor Color Technologies Trading and Service Company LLC, Turkey and Datacolor Gestão de Soluções em Cores e Imagens Ltda., Brazil (all as of December 31) as well as Datacolor Solutions Private Ltd., domiciled in Mumbai, India (March 31) for which interim financial statements as of September 30 are prepared for consolidation purposes.

Principles of consolidation

The assets and liabilities included in the consolidated financial statements are measured according to uniform principles. Intragroup balances, intragroup transactions and material unrealized profits resulting from intragroup transactions are eliminated during consolidation. Acquired (disposed) subsidiaries are consolidated upon the date of change of control.

Foreign currency translation

The financial statements of Datacolor AG and its subsidiaries are translated into US Dollar (reporting currency) for consolidation purposes. Assets and liabilities of subsidiaries denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date, the income statement and cash flow statement is translated into the reporting currency at average exchange rate of the respective reporting period. Foreign currency differences deriving from the translation of equity and results of subsidiaries are recorded directly in retained earnings.

In the financial statements of the individual subsidiaries transactions in foreign currencies are recorded at the exchange rate prevailing at the date of transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. All resulting differences are recognized as exchange gains or losses in the income statement of the individual subsidiary.

Cash flow statement

The fund 'cash and cash equivalents' form the basis for the disclosure of the cash flow statement. Cash flow from operations is calculated using the indirect method.

Segment reporting

Datacolor is a global leader in digital color management solutions and provides software, hardware and services for accurate color reproduction of materials, products and photographs.

Based on the annual budget approved by the Board of Directors, the functionally organized Executive Committee undertakes the resource allocation and measurement of corporate performance exclusively on the entire group level. Insofar as Datacolor operates solely within one segment, the information required under Swiss GAAP FER 31.8 is disclosed in the consolidated financial statements.

2 Accounting principles

Net sales and revenue recognition

Net sales include all invoiced sales and services to third parties. Net sales are considered realized when the economic benefits and risks associated with the ownership and legal title of sold products or rendered services are transferred to the transacting third party.

Net sales primarily consist of selling hardware products and software. Revenue resulting from such transac-

tions is recognized based on the underlying incoterms. The global customer base and various international distribution channels result in different incoterms. Most maintenance contracts of the service business have a term of 12 months. Therefore, these sales are recognized on a proportional basis over the contract period. Datacolor AG and its subsidiaries are not undertaking project business that would require an estimate of the project realization.

Management participation plan

Share plan

The compensation of the Executive Committee consists of a fixed salary paid in cash, variable performance-based bonus paid in cash and a long-term variable compensation based on equity security component.

The long-term variable compensation to the Executive Committee is paid in Datacolor AG registered shares based on a management share plan. The shares are subject to a vesting period of three years, i.e. ownership of the shares is not transferred to the plan participants until three years have elapsed since the allocation of the shares. The same applies to voting rights. The dividends paid during the vesting period will be paid out to the plan participants after the vesting period has expired. After the end of the vesting period, the acquired shares are generally settled in cash, unless the plan participant submits a written request to continue holding the shares no later than one month before the end of the vesting period. In the event of voluntary termination of employment, the plan participant loses all shares for which the vesting period has not yet expired. In the event of involuntary termination, retirement by mutual consent or in accordance with local regulations, death or disability, vesting will occur for all unvested shares. These shares are then sold to Datacolor AG one month after the termination of the employment relationship.

For each year of the vesting period, the relevant share price for the allocation of Datacolor registered shares is discounted by 6% (in accordance with Circular No. 37 of the Swiss Federal Tax Administration for the Taxation of Employee Stock Ownership). The relevant price for the allocation of the shares is the volume-weighted average price for the period from April 1st to September 30th prior to the allocation of the shares. If less than 3 000 shares were traded during this period, the period is extended to 12 months (October 1st to September 30th).

Share-based payments to the members of the Executive Committee are revalued each year at the average market price of the Datacolor registered shares for the last 6 months or 12 months and booked on personnel expenses over the vesting period of three years and accrued as liabilities.

Deferred income taxes

Deferred income taxes are provided following the comprehensive balance sheet liability-method and reflect future temporary differences. The measurement of deferred taxes is based on current tax rates applicable for the respective taxable entity.

Deferred tax assets deriving from tax losses carried forward are not recognized.

Impairment of assets

The carrying amounts of non-current assets are reviewed for impairment at each balance sheet date or if there are indications that an asset may be impaired. If an indication of impairment exists, the recoverable amount of the respective asset is determined. Assets are written down to their recoverable amounts, if the carrying values exceed their recoverable amounts. Impairment losses are recognized in the income statement. The recoverable amount is the higher of the estimated asset's net selling price or its value in use. The net selling price is the amount recoverable from the sale of an asset in an arm's length transaction between independent parties less the cost of disposal. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

Employee benefit obligations

The subsidiaries of Datacolor Group have different employee benefit plans in accordance with local regulations and customs in the respective countries. These plans are organized in legally independent and autonomous foundations. The plans cover most of the employees and provide benefits in case of death, disability, retirement or termination of employment. Plans are funded predominantly by a combination of employee and employer contributions. Contributions are based on a certain percentage of the insured salary.

Employee benefits of Datacolor Group are organized with external insurance providers and savings institutions, where Datacolor is not exposed to any further contribution commitments beyond contributions owed and recognized.

Cash

Cash include cash, bank accounts, demand deposits. Cash is recorded at nominal value.

Financial assets

Current financial assets are investments in marketable securities that can be permanently liquidated in efficient markets. They are measured at fair value, unrecognized gains or losses are recorded in the financial result of the income statement.

Trade receivables

The net trade receivables balance represents invoiced amounts less an allowance for specific debtor risk and general allowance based on experience of the specific aging structure. The general allowance assumes that the risk of default increases as overdue receivables age.

Inventories

Inventories are measured at the lower of acquisition, production cost or net realizable value. Cash discounts are considered as a decrease in acquisition cost. Valuation allowances on inventories are made specifically on the basis of necessary business justifications and at a flat rate based on the turnover of the warehouse.

Property, plant and equipment

Tangible fixed assets are comprised of the categories of buildings, machinery and equipment and vehicles.

Property, plant and equipment are recorded at acquisition cost less accumulated depreciation and impairment loss. Land is depreciated only if periodic appraisals reveal a sustained impairment loss. Material elements of specific fixed asset items with different useful lifetimes are depreciated as separate objects. Property, plant and equipment are depreciated on a straight-line basis according to economic criteria corresponding to the estimated useful life:

| | |
|-----------------------------------|---------------|
| Buildings | 30 – 40 years |
| Machinery and equipment | 3 – 10 years |
| Equipment | 10 – 20 years |
| Instruments for demonstration use | 3 years |
| ITS | 3 – 7 years |
| Installations | 10 – 20 years |
| Vehicles | 5 – 12 years |

Intangible assets

Intangible assets are comprised of goodwill, trademarks, licenses and patents, capitalized development costs and other intangibles.

Goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable assets acquired less liabilities assumed. Material goodwill is amortized on a straight-line-basis over a lifetime of five to a maximum of twenty years.

Trademarks, licenses, and patents: Trademarks, licenses, and patents are initially recorded at acquisition cost. Expenditures for internally generated trademarks are recognized as an expense in the current period. Acquired trademarks, licenses, and patents are amortized on a straight-line basis of five to ten years.

Capitalized development costs and other intangible assets: Research costs are charged to the Income statement. Development costs are only capitalized, if the following criteria are cumulatively fulfilled: Development costs are identifiable and controlled by Datacolor, will generate a measurable future benefit for more than one year, the expenses can be captured and measured separately and it is likely that sufficient funds are available for completion and commercially exploiting developed products.

Other intangible assets primarily represents software capitalized at their acquisition costs and amortized on a straight-line basis of five to ten years.

Derivative financial instruments

Derivative financial instruments are recognized as current or non-current financial assets or liabilities, depending on the term. Datacolor AG and its subsidiaries are not applying Hedge Accounting. Therefore, market gains and losses on the hedging instruments are recognized directly in financial result in the income statement until the underlying transaction of a hedged risk is recognized in the balance sheet. Derivative financial instruments are disclosed at market value in the balance sheet.

Liabilities

Liabilities are recorded at their nominal value.

Provisions

Provisions are made for potential obligations with uncertain timing or amounts as a result of a past event and for which a future outflow of resources is probable. The amount is based on the best possible estimate of the expected outflow of resources. The breakdown of short-term and long-term provision is based on the expected liability within one year.

Treasury shares

Treasury shares are reported at historical acquisition cost and shown as a deduction from equity.

Contingent liabilities

Contingent liabilities are measured on the basis of the probability and impact of future cash outflows and are disclosed in the notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The figures below are stated in thousands of US dollars (TUSD) unless otherwise indicated.

3 Additional Information

Geographical Information

| in TUSD | 2020/21 | in % of Totals | 2019/20 | in % of Totals |
|------------------------------------|-------------------|----------------|-------------------|----------------|
| Net sales to third parties | 73 588 | 100.0% | 61 036 | 100.0% |
| Europe | 24 082 | 32.8% | 21 216 | 34.7% |
| Americas | 20 555 | 27.9% | 16 467 | 27.0% |
| Asia/Pacific | 28 951 | 39.3% | 23 353 | 38.3% |
| in TUSD | 30.09.2021 | in % of Totals | 30.09.2020 | in % of Totals |
| Assets | 83 673 | 100.0% | 65 879 | 100.0% |
| Europe | 50 620 | 60.5% | 38 440 | 58.3% |
| Americas | 11 795 | 14.1% | 10 795 | 16.4% |
| Asia/Pacific | 21 258 | 25.4% | 16 644 | 25.3% |
| | 2020/21 | in % of Totals | 2019/20 | in % of Totals |
| Average number of employees | 371 | 100.0% | 401 | 100.0% |
| Europe | 75 | 20.2% | 86 | 21.4% |
| Americas | 110 | 29.7% | 121 | 30.2% |
| Asia/Pacific | 186 | 50.1% | 194 | 48.4% |

4 Net result per share (EPS)

| in TUSD | 2020/21 | 2019/20 |
|--|--------------|--------------|
| Net result for the year | 9 252 | -643 |
| Average number of shares outstanding | 165 019 | 165 589 |
| Basic net result per share in USD | 56.07 | -3.88 |
| Effect of dilution: Number of share | 0 | 0 |
| Adjusted average number of shares for diluted earnings per share | 165 019 | 165 589 |
| Diluted net result per share in USD | 56.07 | -3.88 |

Net result per share is calculated by dividing the net result for the year by the average number of shares outstanding (issued shares less treasury shares).

Diluted net result per share include the effect of dilution, which would arise as a result of exercising stock options. There are no unexercised stock options open.

5 Personnel expenses

| in TUSD | | 2020/21 | 2019/20 |
|---------------------------|----|---------------|---------------|
| Salaries | | 28 156 | 22 298 |
| Social security costs | | 4 763 | 4 632 |
| Pension costs | 20 | 774 | 802 |
| Other personnel expenses | | 796 | 2 427 |
| Personnel expenses | | 34 489 | 30 159 |

Increase in wages and salaries due to variable compensation accrual for current year.

6 Financial result

| in TUSD | | 2020/21 | 2019/20 |
|--------------------------|--|--------------|-------------|
| Interest income | | 12 | 38 |
| Earnings from securities | | 4 512 | 237 |
| Foreign exchange gains | | 1 812 | 2 644 |
| Foreign exchange losses | | -1 835 | -3 839 |
| Financial result | | 4 501 | -920 |

The earnings from securities is a result of positive fair value of the instruments (TUSD 3 500), as well as interest coupon payments received on barrier products.

The net foreign exchange loss results mainly from translation losses on marketable securities, which are immaterial this year.

7 Income taxes

| in TUSD | | 2020/21 | 2019/20 |
|-----------------------|--|---------------|-----------|
| Current income taxes | | -2 083 | -61 |
| Deferred income taxes | | 402 | 87 |
| Income taxes | | -1 681 | 26 |

Deferred tax assets amounting to TUSD 1 402 (previous year: TUSD 990) consist of temporary differences between tax and Swiss GAAP FER balance sheets.

Deferred tax assets and liabilities are recorded on the basis of expected local tax rates calculated. This resulted in an average tax rate of 20% (previous year: 20%).

The effect of the change in tax-deductible loss carry forwards on income taxes is shown in the following table:

| in TUSD | | 2020/21 | % |
|--|--|---------------|------------|
| Taxes before the tax effect from the use of unrecognized loss carry forwards | | -2 652 | 24% |
| Tax effect from unrecognized losses | | 56 | -1% |
| Tax effect from the use of unrecognized loss carry forwards | | 915 | -8% |
| Taxes after the tax effect from the use of unrecognized loss carry forwards | | -1 681 | 15% |

| in TUSD | | 2019/20 | % |
|--|--|-----------|------------|
| Taxes before the tax effect from the use of unrecognized loss carry forwards | | -643 | 96% |
| Tax effect from unrecognized losses | | 554 | -83% |
| Tax effect from the use of unrecognized loss carry forwards | | 115 | -17% |
| Taxes after the tax effect from the use of unrecognized loss carry forwards | | 26 | -4% |

The capitalization of tax-usable losses carried forward are not recognized. The total amount of tax losses carried forward is USD 9.6 million. (previous year: USD 13.9 million) and the predominant part can be used without any time restrictions. However, no deferred tax assets were capitalized for these loss carry forwards. the tax value of these loss carry forwards amounts to USD 2.3 million. (previous year: USD 3.1 million).

8 Cash

| in TUSD | 30.09.2021 | 30.09.2020 |
|--------------|---------------|---------------|
| Cash on hand | 0 | 0 |
| Cash at bank | 19 637 | 13 493 |
| Cash | 19 637 | 13 493 |

Bank accounts generate interest at market rates.

9 Financial assets

| in TUSD | 30.09.2021 | 30.09.2020 |
|---------------------------------|---------------|---------------|
| Securities held for trading | 32 298 | 28 119 |
| Current financial assets | 32 298 | 28 119 |

In the reporting period the net amount of TUSD 983 has been invested in marketable short-term financial assets. In previous year the net amount of TUSD 4 797 has been invested. This financial assets are subject to different investment risks. Refer to note 15 risk management and internal controls.

10 Trade receivables

| in TUSD | 30.09.2021 | | 30.09.2020 | |
|-------------------------------|--------------|------------|--------------|------------|
| Trade receivables, gross | 9 909 | 100% | 6 593 | 100% |
| Allowance for doubtful debts | -1 093 | -11% | -825 | -13% |
| Trade receivables, net | 8 816 | 89% | 5 768 | 87% |

11 Other receivables

| in TUSD | 30.09.2021 | | 30.09.2020 | |
|------------------------------|--------------|-------------|--------------|-------------|
| Other receivables from | | | | |
| – Third parties | 416 | 23% | 455 | 37% |
| – Government | 504 | 28% | 315 | 26% |
| – Pension funds | 39 | 2% | 37 | 3% |
| – Related parties | 46 | 3% | 60 | 5% |
| Prepayments to third parties | 780 | 44% | 351 | 29% |
| Other receivables | 1 785 | 100% | 1 218 | 100% |

12 Inventories

| in TUSD | 30.09.2021 | | 30.09.2020 | |
|----------------------------------|---------------|-------------|---------------|-------------|
| Semi-finished and finished goods | 9 466 | 66% | 6 652 | 62% |
| Trading goods | 4 791 | 34% | 4 133 | 38% |
| Gross inventories | 14 257 | 100% | 10 785 | 100% |
| Allowances | -3 583 | -25% | -4 069 | -38% |
| Net inventories | 10 674 | 75% | 6 716 | 62% |

Increase in inventories mainly due to larger stocks of electronic components.

13 Property, plant and equipment

| in TUSD | Operating properties | Other mobile fixed assets | Total property, plant and equipment |
|--|----------------------|---------------------------|-------------------------------------|
| Acquisition or production costs | | | |
| Balance as of 01.10.2019 | 13 734 | 9 705 | 23 439 |
| Additions | 114 | 474 | 588 |
| Disposals | 0 | -400 | -400 |
| Translation differences | 15 | 180 | 195 |
| Balance as of 30.09.2020 | 13 863 | 9 959 | 23 822 |
| Additions | 130 | 1 120 | 1 250 |
| Disposals | 0 | -923 | -923 |
| Translation differences | 1 | 25 | 26 |
| Balance as of 30.09.2021 | 13 994 | 10 181 | 24 175 |
| Accumulated depreciation | | | |
| Balance as of 01.10.2019 | 7 690 | 6 823 | 14 513 |
| Additions | 395 | 1 140 | 1 535 |
| Disposals | 0 | -333 | -333 |
| Translation differences | 15 | 140 | 155 |
| Balance as of 30.09.2020 | 8 100 | 7 770 | 15 870 |
| Additions | 393 | 952 | 1 345 |
| Disposals | 0 | -782 | -782 |
| Translation differences | 1 | 17 | 18 |
| Balance as of 30.09.2021 | 8 494 | 7 957 | 16 451 |
| Net carrying amount | | | |
| Balance as of 30.09.2020 | 5 763 | 2 189 | 7 952 |
| Balance as of 30.09.2021 | 5 500 | 2 224 | 7 724 |

Other mobile fixed assets contain primarily machines, furnishings, equipment and vehicles.

The profit on the disposal of property, plant and equipment in the reporting period amounted to TUSD 3 (previous year: profit of TUSD 7).

14 Intangible assets

| in TUSD | Capitalized development costs and other intangible assets | Trademarks, licenses, patents | Total |
|--|---|-------------------------------------|---------------|
| Acquisition or production costs | | | |
| Balance as of 01.10.2019 | 9 314 | 245 | 9 559 |
| Additions | 570 | 33 | 603 |
| Disposals | 0 | 0 | 0 |
| Translation differences | 376 | 0 | 376 |
| Balance as of 30.09.2020 | 10 260 | 278 | 10 538 |
| Additions | 92 | 19 | 111 |
| Disposals | 0 | 0 | 0 |
| Translation differences | -68 | 0 | -68 |
| Balance as of 30.09.2021 | 10 284 | 297 | 10 581 |
| Accumulated amortization | | | |
| Balance as of 01.10.2019 | 8 638 | 79 | 8 717 |
| Additions | 63 | 0 | 63 |
| Disposals | 0 | 0 | 0 |
| Translation differences | 372 | 0 | 372 |
| Balance as of 30.09.2020 | 9 073 | 79 | 9 152 |
| Additions | 336 | 2 | 338 |
| Disposals | 0 | 0 | 0 |
| Translation differences | -63 | 0 | -63 |
| Balance as of 30.09.2021 | 9 346 | 81 | 9 427 |
| Net carrying amount | | | |
| Balance as of 30.09.2020 | 1 187 | 199 | 1 386 |
| Balance as of 30.09.2021 | 938 | 216 | 1 154 |

Capitalized development costs and other intangible assets include primarily the group-wide utilized ERP system and software solutions.

As in the previous year from the total research and development expenses amounting to TUSD 7 130 (previous year: TUSD 5 888) no expenses were capitalized, with the exception of the items listed below, because not all criteria for a capitalization were met (refer to note Accounting principles).

In the reporting period capitalized development costs and other intangible assets in the amount of TUSD 92 (previous year: TUSD 570) have been capitalized. The additions relate primarily to consultant software.

15 Risk management and Internal controls

Due to its international business, the Datacolor Group is exposed to different operational and strategic risks which are assessed on an ongoing basis in a centralized risk management process. The risks classifications are based on the analysis of the likelihood and impact. Action plans to mitigate and transfer risks are developed. On a yearly basis, a consolidated risk report is presented to the Board of Directors for approval.

A risk assessment is performed, for identified risks relating to financial reporting and accounting. The group wide internal controls framework for the financial reporting defines relevant key controls that reduce financial risks. Moreover, the Datacolor Group is targeting to develop a control environment that ensures a disciplined management of the existing risks.

Financial risks include credit, investment, illiquidity, foreign exchange and interest risks.

Credit

Credit risk is the risk of financial losses consist of customers or a counterparty of a financial instrument are unable to meet their obligations.

In the area of credit risks, risk management is generally based on appropriate ongoing monitoring of day-to-day business and a corresponding risk assessment when a transaction is concluded.

The default risk in terms of trade receivables is limited, since the customer base of the Datacolor Group consists of a large number of customers from various geographical regions. Nevertheless, the risk management process stipulates an individual customer risk assessment in case of excess of certain credit limits for transactions or outstanding balances.

Financial assets

Datacolor invests excess liquidity in various short-term financial asset classes to generate financial returns. The financial performance of individual investments is impacted by various factors. Investment decisions follow an internal investment policy, that stipulates guidelines with respect to permissible financial asset categories and investment diversification.

Liquidity

Centralized cash management ensures that the Datacolor Group has sufficient liquidity for obligations. The Executive Committee implemented guidelines and processes for liquidity planning meeting the Group requirements.

Foreign currency

The Datacolor Group is exposed to foreign currency risks by virtue of its international business and supply chain. These risks occur in transactions which take place in currencies other than the functional currency of the company, particularly in purchasing and selling goods. Transactions are primarily settled in EUR and USD. The individual companies plan cash flows on a regular basis in local currency and report these to the Group Executive Committee.

The difference between incoming and outgoing payments in a specific foreign currency, particularly in USD and EUR, is considered material. Remaining net positions are monitored by Group Management and hedged on a selective basis if deemed necessary.

The following exchange rates of the most important currencies for the Group were used for translation into US Dollar:

| Currency | Unit | Balance Sheet | | Income Statement | |
|----------|------|---------------|------------|------------------|---------|
| | | 30.09.2021 | 30.09.2020 | 2020/21 | 2019/20 |
| CHF | 1 | 1.07 | 1.09 | 1.10 | 1.03 |
| EUR | 1 | 1.16 | 1.17 | 1.20 | 1.11 |
| GBP | 1 | 1.35 | 1.29 | 1.36 | 1.27 |
| CNY | 1 | 0.15 | 0.15 | 0.15 | 0.14 |

Interest

Interest risk comprise an interest-rate related cash flow risk, i.e. the risk that future interest payments will change due to fluctuations in the market interest rate, together with an interest rate related risk of a change in fair value, i.e. the risk that the fair value of a financial instrument changes due to fluctuations in the market interest rate.

The consolidated financial statements of the Datacolor Group as per September 30, 2021 do not include any financial liabilities that are subject to an interest rate change risk.

16 Financial liabilities

| in TUSD | 30.09.2021 | 30.09.2020 |
|--|------------|------------|
| Credit lines available (CHF 14.75 million) | 15 796 | 16 011 |
| Unused credit lines (CHF 14.75 million) | 15 796 | 16 011 |

Available and unused credit lines for Datacolor Group CHF 14.75 million (previous year: CHF 14.75 million).

17 Other liabilities

| in TUSD | 30.09.2021 | 30.09.2020 |
|--------------------------------------|--------------|--------------|
| Other current liabilities against | | |
| – Government | 381 | 337 |
| – Third parties | 197 | 296 |
| – Management | 355 | 246 |
| Prepayments from third parties | 4 436 | 2 043 |
| Other current liabilities | 5 369 | 2 922 |
| Other non-current liabilities | 1 001 | 1 133 |
| Other liabilities | 6 370 | 4 055 |

The liability from the management participation plan (share plan) amounts to TUSD 706 (previous year: TUSD 718), from which the short term portion TUSD 355 (previous year: TUSD 246) is shown as other current liabilities and the long term portion TUSD 351 (previous year: TUSD 472) as other non-current liabilities.

Refer to note 2 accounting principles and note 21 management participation plan.

18 Accrued liabilities

| in TUSD | 30.09.2021 | 30.09.2020 |
|---|---------------|---------------|
| Deferred revenue for service contracts and shipments | 8 458 | 7 510 |
| Employee related accruals | 7 533 | 1 909 |
| Year-end closing (audit, tax consulting, bookkeeping) | 399 | 524 |
| Other accrued expenses | 2 638 | 2 088 |
| Accrued liabilities | 19 028 | 12 031 |

19 Provisions

| in TUSD | Warranty | Other | Total |
|---------------------------------|------------|------------|------------|
| Balance as of 01.10.2019 | 351 | 277 | 628 |
| Additions | 471 | 24 | 495 |
| Used | -351 | 0 | -351 |
| Translation differences | 9 | 22 | 31 |
| Balance as of 30.09.2020 | 480 | 323 | 803 |

Disclosed in the consolidated balance sheet as:

| | | | |
|-----------------------------|------------|------------|------------|
| Short term provision | 180 | 0 | 180 |
| Long term provision | 300 | 323 | 623 |

| | | | |
|---------------------------------|------------|------------|------------|
| Balance as of 01.10.2020 | 480 | 323 | 803 |
| Additions | 364 | 11 | 375 |
| Used | -364 | -55 | -419 |
| Reversed | -107 | 0 | -107 |
| Translation differences | -9 | 1 | -8 |
| Balance as of 30.09.2021 | 364 | 280 | 644 |

Disclosed in the consolidated balance sheet as:

| | | | |
|-----------------------------|------------|------------|------------|
| Short term provision | 241 | 0 | 241 |
| Long term provision | 123 | 280 | 403 |

Provisions for warranty cover potential warranty claims, which are likely to incur based on the experience of past warranty cases. The calculation is based on realized sales transactions for which a warranty promise has been given to customers, the probability of warranty cases and associated internal and external warranty costs.

20 Employee benefits

Economic benefit / economic liability and pension expenses

| in TUSD | Surplus / deficit according to pension plans under Swiss GAAP FER 26 | | Economic share of the company | Change compared to previous year, recognized in the period | Accrued contributions for the period | | Pension plan expenses in personnel expenses |
|--|--|-------------|-------------------------------|--|--------------------------------------|------------|---|
| | 30.09.2021 | 30.09.2021 | | | 2020/21 | 2020/21 | |
| | | | 30.09.2020 | | | 2019/20 | |
| Pension plans without own assets (abroad) | 0 | -127 | -132 | -5 | 681 | 675 | 703 |
| Pension plans with surplus / deficit (Switzerland) | 0 | 0 | 0 | 0 | 99 | 99 | 99 |
| Total | 0 | -127 | -132 | -5 | 780 | 774 | 802 |

Most pension plans are financed through contributions from the employer and employee. Contributions are calculated as a percentage of the insured salary.

In Switzerland the pension plan is regulated through an independent fund („Gemeinschaftsstiftung“). The actuarial coverage according to Art. 44 BVV2 was at 120% as of September 30, 2021, at 115.6 % as of December 31, 2020 and 109.9 % as of September 30, 2020. In contrary to an independent collective foundation („Sammelstiftung“), the com-

munity foundation („Gemeinschaftsstiftung“), is not required to prepare individual statements for each associated company in accordance with Art. 48b BVV2. Therefore no economic share of the company is disclosed and surplus / shortfall.

The pension liability of TUSD 127 (previous year: TUSD 132) relates to contractual pension commitments of the subsidiary in Germany. An actuarial report is prepared annually to calculate the necessary provision on the basis of the annual pension. Other plans outside Switzerland are defined contribution plans.

21 Management participation plan

A compensation component for the Executive Board takes the form of equity securities (see Compensation Report, 2.2 Compensation to Executive Board), this is set up in the form of a share plan.

No registered shares of Datacolor AG were allocated to the members of the Executive Committee in November 2020. In fiscal 2020/21 one member, who received a total of 223 shares from previous years, left the company. The number of registered shares as of September 30, 2021 amounts to 1 407, resulting from the year 2018 and 2019 allocation. These registered shares were valued at the average Datacolor share price of the last 12 months (October 01, 2020 to September 30, 2021) as of September 30, 2021 and the pro rata amount for the respective vesting period was charged to personnel expenses. The personnel expense for the share participation plan in fiscal year 2020/21 amounts to USD 342 thousand (previous year: USD 402 thousand). The total liability recognized amounts to USD 706 thousand (previous year: USD 718 thousand), of which USD 355 thousand is recognized as a current portion under other current liabilities and USD 351 thousand as a non-current portion under other non-current liabilities.

22 Related parties and companies

Material transactions with related parties were:

| in TUSD | Transactions | | Liabilities as per | |
|---|--------------|---------|--------------------|------------|
| | 2020/21 | 2019/20 | 30.09.2021 | 30.09.2020 |
| BDO AG, Lucerne: Consulting services | 74 | 94 | 28 | 0 |
| Thomas Studhalter, Member of the Board of Directors, is CEO/Partner of BDO AG) | | | | |
| Prager Dreifuss AG, Attorneys at Law (Jvo Grundler, Member of the Board of Directors, of Counsel Prager Dreifuss) | 202 | 139 | 36 | 27 |
| Sale of 0 (prior year: 1 440) registered shares to members of the Board of Directors (see also Consolidated statement of changes in equity on page 23). | 0 | 999 | 0 | 0 |

The financial investments are managed by the company Entrepreneur Partners. Werner Dubach is Chairman of the Board of Directors at Entrepreneur Partners.

For Remuneration to the Board of Directors and the Executive Committee please refer to the Remuneration Report of Datacolor AG page 14ff. The shareholdings are disclosed in Note 4.2 of the statutory report of Datacolor AG.

23 Leasing liabilities

As in the previous year, no obligations from finance lease contracts existed at the balance sheet date.

The leasing expenses in the financial year amount to TUSD 234 (previous year: TUSD 117).

The following overview shows future liabilities arising from non-capitalized operating lease contracts arranged in order of the due dates:

| in TUSD | 30.09.2021 | 30.09.2020 |
|--|------------|------------|
| Due in reporting period + 1 year | 265 | 138 |
| Due in reporting period + 2 years | 259 | 116 |
| Due in reporting period + 3 years | 180 | 116 |
| Due in reporting period + 4 years | 112 | 233 |
| Total operating lease liabilities | 816 | 603 |

24 Contingent liabilities

In the reporting year, there are two guarantee obligations in the amount of TUSD 10 in favor of third parties, of which TUSD 6 is valid until July 31, 2022 and TUSD 4 is valid until June 30, 2024.

In the previous year, there was a guarantee obligation in the amount of TUSD 20 in favor of third parties valid until January 15, 2021.

The company is involved in legal disputes, lawsuits and court cases in the ordinary course of business. As far as the company can ascertain at the current point in time, such disputes are not expected to exceed existing provisions or otherwise exert a material influence on its financial situation or operating result.

25 Securing of own liabilities

In the previous year, the securities deposit was pledged as collateral for a credit line, this remains unchanged in the reporting year.

26 Acquisitions

No acquisitions were made in the reporting period or in the previous period.

27 Subsequent events

The consolidated financial statements were approved for publication by the Board of Directors on November 12, 2021. They have yet to be approved in the general meeting.

The Board of Directors is to propose to the general meeting that a dividend of CHF 35 per share paid for the financial year 2020/21. Refer to the proposed appropriation of available earnings in the report of Datacolor AG.

Between the balance sheet date and November 12, 2021 no further significant events occurred which might have an influence on the information presented in the 2020/21 annual financial statements or require disclosure in this note of the report.

28 Group entities

| Company | Location | Currency | Share capital in 000 | Ownership interest in % |
|--|----------------------|----------|----------------------|-------------------------|
| Datacolor AG Europe ¹⁾ | CH-Risch | CHF | 2 000 | 100 |
| Datacolor Holding AG | CH-Risch | CHF | 100 | 100 |
| Datacolor International France SAS | FR-Paris | EUR | 274 | 100 |
| Datacolor GmbH | DE-Marl | EUR | 256 | 100 |
| Datacolor Asia Pacific (HK) Ltd. | HK-Hong Kong | HKD | 10 | 100 |
| Datacolor Inc. | US-Lawrenceville | USD | 35 808 | 100 |
| Datacolor International Ltd. | GB-Cheshire | GBP | 75 | 100 |
| Datacolor Belgium BVBA | BE-Gentbrugge | EUR | 186 | 100 |
| Datacolor Italia S.r.l. | IT-Bergamo | EUR | 20 | 100 |
| Datacolor Industrial S.r.l. | IT-Reggio Emilia | EUR | 13 | 100 |
| Datacolor Technology (Suzhou) Co., Ltd. | CN-Suzhou | USD | 3 200 | 100 |
| Datacolor Trading (Shanghai) Co., Ltd. | CN-Shanghai | CNY | 1 364 | 100 |
| Datacolor Solutions Private Ltd. | IN-Mumbai | INR | 100 | 100 |
| Datacolor Color Technologies Trading and Service Company LLC | TR-Istanbul | TRL | 100 | 100 |
| Datacolor Gestão de Soluções em Cores e Imagens Ltda. | BR-Sao Paulo | BRL | 350 | 100 |
| Datacolor Vietnam Co., Ltd. | VIE-Ho Chi Minh City | VND | 2 273 | 100 |

¹⁾ The company is the only entity held directly by Datacolor AG.

There were no changes in the reporting year compared to the previous year.



Statutory Auditor's Report to the General Meeting of Datacolor AG, Risch

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Datacolor AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at September 30, 2021 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 20 to 37) give a true and fair view of the consolidated financial position of the Group as at September 30, 2021, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



Revenue Recognition

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matter**

Total consolidated net sales of the financial year 2020/21 amounted to USD 73.6 million. Net sales are a key performance indicator for assessing Datacolor Group's performance and therefore in the focus of internal and external stakeholders. Revenues comprise the sale of color measurement & calibration instruments as well as the respective service & maintenance contracts, whereas in the context of revenue recognition different characteristics need to be considered.

Sales for the color measurement & calibration instruments are based on sales arrangements with standardized international commercial terms and conditions (incoterms), which govern the transfer of risks and rewards.

The majority of the underlying contracts of the service & maintenance business have a term of 12 months. For these contracts the correct recognition as well as the recognition in the appropriate period of revenue is particularly relevant. The service & maintenance contracts are invoiced in advance, accrued and recognized in the income statement on a pro-rata basis over the contract period. The correct recognition of accrued revenue in the appropriate period is highly dependent on data extracted from the IT-system for calculating the revenue recognition and revenue accrual.

Our response

We gained an understanding of the revenue recognition process for the different types of revenues from the purchase order to the receipt of payment and assessed whether transactions are completely and accurately recorded in the financial statements.

We tested, on a sample basis, the operating effectiveness of key controls relating to revenue recognition and revenue accrual identified by Datacolor.

In addition, we performed, amongst others, for the revenues of the color measurement & calibration instruments the following procedures:

- Based on a sample of delivery notes and corresponding receipts of payment we tested whether the correct transfer of risks and rewards related to the goods sold to the client has taken place and if the revenues were recognized in the correct period.
- We furthermore performed analytical procedures including, amongst others, margin analysis.

Amongst others, our procedures for service & maintenance contracts comprised the following:

- We tested, on a sample basis, on the basis of the orders and invoices the accuracy of the underlying data used for the calculation of the accrued revenue.
- We furthermore completely re-performed the calculation of the accrued revenue as per September 30, 2021 and compared it with Datacolor's calculation.

Moreover, we assessed the appropriateness of the disclosure.

For further information on revenue recognition refer to the following:

- Accounting principles on page 24
- Note 17 Other liabilities on page 33
- Note 18 Accrued liabilities on page 33



Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 override of internal control.
- Obtain 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Roman Wenk
Licensed Audit Expert
Leitender Revisor

Sandro Mascarucci
Licensed Audit Expert

Lucerne, November 12, 2021

FINANCIAL STATEMENTS OF DATACOLOR AG

BALANCE SHEET

| in TCHF | | 30.09.2021 | | 30.09.2020 | |
|---|-----|---------------|--------|---------------|--------|
| Assets | | | | | |
| Cash and cash equivalents | 3.1 | 3 | | 21 | |
| Other current receivables | | | | | |
| – from third parties | | 4 | | 10 | |
| – from investments | | 3 185 | | 3 732 | |
| Prepaid expenses | | 4 | | 2 | |
| Current assets | | 3 196 | 16.0% | 3 765 | 18.3% |
| Loans from investments | 3.2 | 6 800 | | 6 800 | |
| Investments | 3.2 | 10 000 | | 10 000 | |
| Non-current assets | | 16 800 | 84.0% | 16 800 | 81.7% |
| Assets | | 19 996 | 100.0% | 20 565 | 100.0% |
| Liabilities and shareholders' equity | | | | | |
| Other current liabilities | | | | | |
| – to third parties | | 39 | | 104 | |
| – to investments | | 2 454 | | 2 454 | |
| Accrued liabilities | 3.3 | 950 | | 473 | |
| Current liabilities | | 3 443 | 17.2% | 3 031 | 14.7% |
| Liabilities | | 3 443 | 17.2% | 3 031 | 14.7% |
| Share capital | | 168 | | 168 | |
| Statutory capital reserves from tax capital contributions | | 19 | | 19 | |
| Statutory legal reserves | | 84 | | 84 | |
| Retained earnings | | 18 609 | | 19 279 | |
| Treasury shares | 3.4 | -2 327 | | -2 016 | |
| Shareholders' equity | | 16 553 | 82.8% | 17 534 | 85.3% |
| Liabilities and shareholders' equity | | 19 996 | 100.0% | 20 565 | 100.0% |

INCOME STATEMENT

| in TCHF | 2020/21 | 2019/20 |
|---------------------------------|---------------|--------------|
| Income from investments | 1 000 | 1 500 |
| Service income | 642 | 592 |
| Total operating income | 1 642 | 2 092 |
| Personal expenses | -780 | -462 |
| Administrative expenses | -428 | -404 |
| Total operating expenses | -1 208 | -866 |
| Operating profit | 434 | 1 226 |
| Financial income | 51 | 51 |
| Financial expenses | 0 | -208 |
| Profit before taxes | 485 | 1 069 |
| Direct taxes | 0 | 0 |
| Profit for the year | 485 | 1 069 |

STATEMENT OF CHANGES IN EQUITY

| in TCHF | Share capital | Statutory capital reserves from tax capital contributions | Statutory legal reserves | Retained earnings | Treasury shares | Total Shareholders' equity |
|---------------------------------|---------------|---|--------------------------|-------------------|-----------------|----------------------------|
| Balance as of 1.10.2019 | 168 | 19 | 84 | 20 692 | -2 814 | 18 149 |
| Dividends paid | | | | -2 482 | | -2 482 |
| Profit for the year | | | | 1 069 | | 1 069 |
| Changes in treasury shares | | | | | 798 | 798 |
| Balance as of 30.09.2020 | 168 | 19 | 84 | 19 279 | -2 016 | 17 534 |
| Balance as of 1.10.2020 | 168 | 19 | 84 | 19 279 | -2 016 | 17 534 |
| Dividends paid | | | | -1 155 | | -1 155 |
| Profit for the year | | | | 485 | | 485 |
| Changes in treasury shares | | | | | -311 | -311 |
| Balance as of 30.09.2021 | 168 | 19 | 84 | 18 609 | -2 327 | 16 553 |

NOTES

1 General information

1.1 Legal form, registered office and capital

Datacolor AG was established as a joint-stock company in Switzerland and is domiciled in Risch.

The share capital of Datacolor AG amount to CHF 168 044 and is made up of 168 044 registered shares with a par value of CHF 1 each. The shares are listed on the SIX Swiss Exchange Zurich under security ID 853 104.

The financial statements were approved by the Board of Directors on November 12, 2021 and will be submitted to the Annual General Meeting on December 7, 2021.

2 Key accounting and valuation principles

The present financial statements for Datacolor AG have been prepared in accordance with the regulations of Swiss financial reporting law (32nd title of the Swiss code of obligations). It is possible to create and dissolve hidden reserves in order to ensure the company's continued prosperity. The main accounting and valuation principles used, which are not already specified by the Code of Obligation, are described below.

2.1 Foreign currency items

The currency in which Datacolor AG operates is Swiss Francs (CHF). Transactions in foreign currencies are converted into the currency in which the company operates at the exchange rate on the day the transaction takes place.

Monetary assets and liabilities in foreign currencies are converted into the currency in which the company operates at the exchange rate on the balance sheet date. Any profits or losses resulting from the exchange are recorded in the income statement.

Non-monetary assets and liabilities are converted at the foreign exchange rate at the time of the transaction. Any foreign exchange profits are deferred in the balance sheet as not having an effect on net income. Foreign exchange losses, on the other hand, are recorded in the income statement.

2.2 Related parties

Related parties include subsidiary companies, members of the Board of Directors and Datacolor AG shareholders. Transactions with related parties must take place under proper market conditions (dealing at an arm's length).

2.3 Loans and investments

Loans and investments are valued at acquisition costs less accumulated amortization.

2.4 Treasury shares

Treasury shares are recorded at acquisition costs on the balance sheet as negative items in the shareholders' equity. If they are resold at a later date, the profit or loss is recorded as financial income or financial expenses having an effect on net income.

2.5 Share based payments

The difference between the acquisition cost and the market value is recorded as personnel expenses, if treasury shares are used for share-based payments.

2.6 Renounce cash flow statement and additional disclosures in the notes

Datacolor has refrained in accordance with the new Swiss reporting law from disclosing the notes for interest-bearing liabilities and audit fees as well as the cash flow statement, since the company has prepared consolidated financial statements in accordance with an accepted accounting standard (Swiss GAAP FER).

3 Information relating to items on the balance sheet and income statement

3.1 Cash and cash equivalents

| in TCHF | 30.09.2021 | 30.09.2020 |
|--------------|------------|------------|
| in CHF | 0 | 12 |
| in EUR | 0 | 6 |
| in USD | 3 | 3 |
| Total | 3 | 21 |

3.2 Investments and loans

Loans to Group companies are granted on a long-term basis for financing purposes. The significant direct and indirect investments of Datacolor AG in Group companies are disclosed in note 28 of the consolidated financial statements.

3.3 Liabilities resulting from management participation plan

Information with respect to the management participation plan is disclosed in note 2 accounting principles to the consolidated financial statements.

3.4 Treasury shares

Datacolor AG holds a total of 3 420 (previous year: 2 917) treasury shares. These are carried at TCHF 2 327 (previous year: TCHF 2 016) and valued at cost. In total 1 407 treasury shares are reserved for the management participation plan for the Executive Committee of the Group. These are subject to a blocking period according to the management participation plan.

In financial year 2020/21 503 registered shares were purchased at an average price of CHF 619 and none registered shares were sold to the Board of Directors.

In financial year 2019/20 374 registered shares were purchased at an average price of CHF 588 and 1 440 registered shares were sold to the Board of Directors, with a book value of CHF 706.

| in TCHF | 2021 | | | 2020 | | |
|-----------------------------------|----------|--------------|--------------|----------|--------------|--------------|
| | Nominal | Book value | Number | Nominal | Book value | Number |
| Balance as of 01.10 | 3 | 2 016 | 2 917 | 4 | 2 814 | 3 983 |
| Shares purchased /sold | 1 | 311 | 503 | 0 | 219 | 374 |
| Shares sold to Board of Directors | 0 | 0 | 0 | -1 | -1 017 | -1 440 |
| Balance as of 30.09 | 4 | 2 327 | 3 420 | 3 | 2 016 | 2 917 |

The share capital entitled to dividend payments amounts to CHF 166 031 as per September 30, 2021 (previous year: CHF 167 085).

4 Other information

4.1 Information on full-time positions on annual average

Datacolor AG has an annual average of below 10 full-time positions (previous year: below 10 full-time positions).

4.2 Shareholdings

| | 2021 Numbers of shares ¹⁾ | 2020 Numbers of shares ¹⁾ |
|---|--|--|
| Board of Directors and Executive Committee | | |
| Werner Dubach, President | 107 611 | 107 611 |
| Dr. Jvo Grundler, Deputy President | 262 | 262 |
| Anne Keller Dubach*, Member | 33 101 | 33 101 |
| Prof. em. Dr. Hans Peter Wehrli, Member | 1 573 | 1 573 |
| Hanno Elbraechter, Member | 100 | 100 |
| Thomas Studhalter, Member | 150 | 150 |
| Executive Committee | - | - |
| Total | 142 797 | 142 797 |

¹⁾ A portion of the shares is blocked (refer to 2.1 compensation of the Board of Directors in the Compensation Report).

* Due to the passing of Anne Keller Dubach, the shares will be transferred to the community of heirs.

4.3. Remuneration to Board of Directors and Executive Committee

Information concerning compensation, loans and advances, given to current and former members of the Board of Directors and members of the Executive Committee are disclosed in the Compensation Report of Datacolor AG on page 14ff.

4.4. Significant shareholders

The Board of Directors of Datacolor AG is aware of the following individual shareholders and jointly voting shareholders' groups whose holdings exceed 5% of all voting shares:

| | 30.09.2021 | 30.09.2020 |
|---|------------|------------|
| Werner Dubach | 64.04% | 64.04% |
| Community of heirs – Anne Keller Dubach | 19.70% | 19.70% |

The shareholders Werner Dubach and Anne Keller Dubach formed a shareholder group in the previous year. Due to the passing of Anne Keller Dubach, the shareholder group was dissolved at the end of the reporting year.

4.5. VAT taxation group

In the context of the taxation group for the Swiss value added tax Datacolor AG is jointly liable for the group company Datacolor AG Europe, Risch.

4.6 Solidarity guarantee

Datacolor AG as sole guarantor is jointly and severally liable for Datacolor AG Europe up to a maximum amount of CHF 3 575 000 for all claims in connection with UBS business relationships.

PROPOSED APPROPRIATION OF RETAINED EARNINGS

Proposal of the Board of Directors

Appropriation of retained earnings

Following retained earnings can be used by the general assembly for the distribution:

| | | |
|---|-------------|---------------|
| Retained earnings as per 30.09.2021 | TCHF | 18 609 |
| Treasury shares as per 30.09.2021 | TCHF | -2 327 |
| Retained earnings available for distribution by the general assembly | TCHF | 16 282 |

The Board of Directors proposes that the retained earnings of TCHF 16 282 of Datacolor AG are distributed as follows:

| | | |
|---|------|--------|
| Distribution of a dividend on dividend-entitled share capital | TCHF | 5 811 |
| Carry forward to new account | TCHF | 12 798 |

The gross dividend of CHF 35 per dividend-entitled share corresponds to a total expected distribution of TCHF 5 811. If this earnings appropriation proposal is approved, the dividend will be paid free of expense net of 35% Swiss withholding tax on December 13, 2021. The effective dividend distribution is based on the dividend-entitled share at the record day.



Statutory Auditor's Report to the General Meeting of Datacolor AG, Risch

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Datacolor AG, which comprise the balance sheet as at September 30, 2021, and the income statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 42 to 46) for the year ended September 30, 2021 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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 level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 override of internal control.

- Obtain 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Roman Wenk
Licensed Audit Expert
Auditor in Charge

Sandro Mascarucci
Licensed Audit Expert

Lucerne, November 12, 2021

ADDRESSES

Headquarter Holding

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