

DATACOLOR AG

SEMI-ANNUAL REPORT **OCTOBER 1, 2020 TO MARCH 31, 2021**

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

Strong recovery particularly in China

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

Swift renewal of the product range

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

Strong balance sheet

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

Outlook

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

Rotkreuz, May 7, 2021

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.

This English version of the Datacolor AG semi-annual report 2020/21 is a translation from German and is provided solely for reader's convenience. Only the German version is binding.

KEY FIGURES DATACOLOR

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

Key dates

October 27, 2021	Key figures 2020/21
November 17, 2021	Publication annual report 2020/21
December 7, 2021	Annual general meeting of shareholders 2020/21

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

CONSOLIDATED INCOME STATEMENT

in TUSD	Half-year 2020/21	Half-year 2019/20
Net sales	36 889 100.0%	35 061 100.0%
Cost of goods sold	-13 172	-11 954
Gross profit	23 717 64.3%	23 107 65.9%
Sales and marketing expenses	-11 429	-11 102
Administrative expenses	-5 696	-6 008
Research and development expenses	-3 401	-3 207
Other operating expenses	0	10
EBIT	3 191 8.6%	2 800 8.0%
Financial result	3 362	-3 823
Profit/loss before income taxes	6 553 17.8%	-1 023 -2.9%
Income taxes	-1 229	-496
Net profit/loss	5 324 14.4%	-1 519 -4.3%
	USD	USD
Earnings per share		
non-diluted	32.25	-9.21
diluted	32.25	-9.21
	CHF	CHF
Earnings per share¹⁾		
non-diluted	30.42	-9.06
diluted	30.42	-9.06

¹⁾ 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	31.03.2021		30.09.2020		31.03.2020	
Assets						
Cash	14 229		13 493		10 095	
Current financial assets	32 340		28 119		23 211	
Trade receivables	10 479		5 768		10 685	
Other receivables	2 410		1 218		1 984	
Inventories	7 727		6 716		7 421	
Current tax assets	70		70		192	
Prepaid expenses	165		167		221	
Current assets	67 420	87.3%	55 551	84.3%	53 809	84.0%
Property, plant and equipment	7 540		7 952		8 352	
Intangible assets	1 303		1 386		1 073	
Deferred tax assets	985		990		822	
Non-current assets	9 828	12.7%	10 328	15.7%	10 247	16.0%
Assets	77 248	100.0%	65 879	100.0%	64 056	100.0%
Liabilities and shareholders' equity						
Trade payables	3 031		2 960		2 715	
Current tax liabilities	1 314		457		895	
Other current liabilities	4 358		2 922		2 824	
Accrued liabilities	18 138		12 031		12 654	
Short term provisions	178		180		250	
Current liabilities	27 019	35.0%	18 550	28.2%	19 337	30.1%
Other non-current liabilities	1 034		1 133		1 271	
Long term provisions	619		623		255	
Deferred tax liabilities	302		305		303	
Non-current liabilities	1 955	2.5%	2 061	3.1%	1 829	2.9%
Liabilities	28 974	37.5%	20 611	31.3%	21 166	33.0%
Share capital	153		153		153	
Treasury shares	-2 087		-2 037		-1 976	
Capital reserves	-4 433		-4 433		-4 433	
Retained earnings	54 641		51 585		49 146	
Shareholders' equity	48 274	62.5%	45 268	68.7%	42 890	67.0%
Liabilities and shareholders' equity	77 248	100.0%	65 879	100.0%	64 056	100.0%

CONSOLIDATED CASH FLOW STATEMENT

in TUSD	Half-year 2020/21	Half-year 2019/20
Profit/loss before income taxes	6 553	-1 023
Depreciation of property, plant and equipment	668	980
Amortization of intangible assets	148	84
Result from the disposal of non-current assets	-1	-15
Changes in provisions	-5	-124
Other non-cash positions ¹⁾	-505	400
Profit/Loss from securities	-2 764	3 920
Interest income	-7	-428
Income taxes paid	-358	-788
Cash flow before changes in working capital	3 729	3 006
Changes in net working capital (net of cash)	540	-8 460
Cash flow from operating activities	4 269	-5 454
Investment in property, plant and equipment	-338	-233
Divestment of property, plant and equipment	89	15
Investment in intangible assets	-69	-304
Investment in financial assets	-9 935	-11 598
Divestment of financial assets	7 513	7 976
Interest received	555	487
Cash flow from investing activities	-2 185	-3 657
Purchase/sale of treasury shares	-50	676
Dividends paid	-1 281	-2 521
Cash flow from financing activities	-1 331	-1 845
Increase/(decrease) in cash	753	-10 956
Cash as of October 1	13 493	21 005
Translation differences on cash	-17	46
Cash as of March 31	14 229	10 095
Increase in cash		3 398
Cash as of 30 September 2020		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 share-holders' equity
Balance as of 1.10.2019	153	-2 863	-4 379	54 075	-1 641	52 434	45 345
Dividends paid ⁵⁾				-2 521		-2 521	-2 521
Sale of treasury shares to BOD		1 034	-54			0	980
Purchase of treasury shares		-147				0	-147
Translation differences					752	752	752
Loss for the period				-1 519		-1 519	-1 519
Balance as of 31.03.2020	153	-1 976	-4 433	50 035	-889	49 146	42 890
Balance as of 1.04.2020	153	-1 976	-4 433	50 035	-889	49 146	42 890
Sale of treasury shares		-61				0	-61
Translation differences					1 611	1 611	1 611
Profit for the period				828		828	828
Balance as of 30.09.2020	153	-2 037	-4 433	50 863	722	51 585	45 268
Balance as of 1.10.2020	153	-2 037	-4 433	50 863	722	51 585	45 268
Dividends paid ⁵⁾				-1 281		-1 281	-1 281
Purchase of treasury shares		-50				0	-50
Translation differences					-987	-987	-987
Profit for the period				5 324		5 324	5 324
Balance as of 31.03.2021	153	-2 087	-4 433	54 906	-265	54 641	48 274

¹⁾ The share capital as of March 31, 2021 consists of 168 044 registered shares with a nominal value of CHF 1 each (prior period: 168 044), translated to CHF/USD with the spot rate as of September 30, 2008.

²⁾ Equals the historical purchase value of 3 003 treasury shares (March 31, 2020: 2 772).

³⁾ The capital reserves comprise reserves from capital contributions confirmed by Swiss tax authorities and the result of the execution of stock options and the result on sale of own shares.

⁴⁾ The retained earnings comprise reserves that are subject to certain legal restrictions with regard to their distribution.

⁵⁾ A gross dividend of CHF 7 (previous year: CHF 15) per registered share was distributed in the reporting period. The dividend has been fully paid out of retained earnings.

NOTES TO THE CONSOLIDATED HALF-YEAR REPORT AS OF MARCH 31, 2021

1 General consolidation principles

The unaudited consolidated half-year report has been prepared in accordance with the accounting principles of Swiss GAAP FER 31.9 ff. (Interim reporting) and includes the unaudited financial statements of Datacolor AG and its subsidiary companies for the half-year ending as per March 31, 2021. The half-year report reflects further the complementary recommendations of Swiss GAAP FER 31 for publicly listed companies.

The applied accounting principles are corresponding with the principles stipulated in the consolidated financial statements as of September 30, 2020. This half-year report should be read in conjunction with the consolidated financial statements as of September 30, 2020 since it represents an update of the last comprehensive financial reporting.

The consolidated half-year financial statements are presented in US Dollars (USD). The figures are rounded to thousands. The consolidated financial statements are prepared on a historical cost basis, except for current financial assets and derivative financial instruments which are valued at market value.

This half-year report is published in German and English. In case of differences of interpretation arising in comparison to the German version, the wording German version is relevant.

2 Use of estimates

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. If in the future estimates and assumptions based on management's best judgment at the date of the financial statements deviate from the actual circumstances, the original estimates and assumptions will be revised for the year in which the circumstances change.

3 Changes in the scope of consolidation

There were no changes to scope of consolidation in the current reporting period.

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

4 Seasonality

Datacolor is not exposed to material seasonal variations in its operations.

5 Commentary on the half-year report

Compared to the prior period, Datacolor's sales increased by USD 1.8 million. The comparative period was already impacted by the worldwide spread of the pandemic, which continued in the second half of the financial year. After this strong decline in prior year, on the contrary a strong recovery is noticeable in the current period. This recovery in sales also led to higher personnel expenses and provisions, as well as higher accruals of revenue.

This positive development in sales also had an impact on the cash flow from operating activities in the first half of the year, which showed a cash inflow of USD 4.3 million (previous year: USD 5.5 million cash outflow).

During the reporting period, a net USD 2.4 million was invested in financial assets (H1 2019/20: USD 3.6 million) which was the main reason for the cash outflow from investing activities.

Cash outflow from financing activities was USD 1.3 million (H1 2019/20: USD 2.5 million), mainly because of the dividend distribution for the fiscal year 2019/20 of USD 1.3 million (prior period: USD 2.5 million). The total cash position increased by USD 0.7 million to USD 14.2 million (30 September 2020: USD 13.5 million).

6 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 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 interim financial statements.

7 Foreign exchange rates

USD per	1 CHF	1 EUR	1 GBP	1 CNY
Average rates October 2020/March 2021	1.11	1.20	1.34	0.15
Average rates October 2019/March 2020	1.02	1.10	1.28	0.14
Closing rates end of March 2021	1.06	1.17	1.38	0.15
Closing rates end of September 2020	1.09	1.17	1.29	0.15
Closing rates end of March 2020	1.04	1.10	1.24	0.14

8 Additional geographic information

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

9 Events after the balance sheet date

No material subsequent events occurred since March 31, 2021, which would have an impact on the information presented in the 2020/21 half-year report or require additional disclosure. The publication of this report was approved by the Board of Directors on April 29, 2021.