

# DATACOLOR AG

FISCAL 2021/22

Dear Shareholders

## **Considerable increase in sales and profitability – dividend of CHF 20 per share proposed**

Datacolor achieved a considerable increase in sales and operating profitability in fiscal 2021/22 in a challenging business climate. The good operating result was driven by Datacolor's strong position in the business for high-precision color management solutions as well as product launches and the continued strengthening of the sales and marketing organization, especially in China, Datacolor's largest and fastest growing market despite further lockdowns. Datacolor again invested substantially in research and development and launched new, highly precise and user-friendly color management solutions in all business areas, the textile and apparel industry, the paints, coatings and plastics industry and especially in the growing consumer market. Remote calibration and remote service of Datacolor color management instruments via the Internet were also expanded. Due to the global lack of skilled employees, the recruitment of qualified personnel, especially software specialists, proved extremely difficult. Certain important positions could not be filled, resulting in a below-average development of personnel costs. As a result of the pandemic, only a few trade shows were held and, in addition, travel restrictions remained in force in some Asian countries, resulting in below-average travel and marketing costs.

In the reporting period, many Datacolor customers increased investment in the digitization of their processes which was accelerated during the pandemic. Accordingly, Datacolor recorded a significant increase in orders for its high-precision instruments ensuring high color quality in decentralized value chains. Products tailored to the needs of designers and photographers also made a good start in fiscal 2021/22. Towards the end of the reporting period, there were indications of a slowdown in consumer sentiment in this sector, mainly due to high inflation rates in major markets and geopolitical uncertainties. Datacolor's service business performed very well, in particular with the Datacolor Certify color assessment and lab audit program, which enables customers to reduce the effort required to ensure color quality by qualifying their supply chains. After the pandemic-related travel restrictions were ended in most countries during the reporting year, the level of customer visits was almost back to pre-pandemic levels by the end of fiscal 2021/22. Only international travel to and from customers in China remained restricted. Furthermore, long delivery times and rapidly rising prices were a major challenge. Electronic components in particular were extremely difficult or impossible to obtain, which in some cases required significant design changes to Datacolor products. In addition, production at the Datacolor plant in Suzhou, China, was severely hampered at times due to lockdowns. Nevertheless, there were no significant delays and Datacolor shipped more products in the year under review than ever before in the company's history. All services were also carried out on schedule, increasingly remotely via the Internet.

In fiscal 2021/22, net sales were USD 87.4 million (fiscal 2020/21: USD 73.6 million), exceeding the previous year considerably by 18.8% or 21.8% in local currency. The good business performance and, as already mentioned, lower personnel and marketing costs led to a favorable increase in gross profit to USD 58.0 million (USD 48.0 million) and in gross profit margin to 66.3% (65.2%), although freight and material prices rose again and the Euro and Chinese Yuan developed unfavorably against Datacolor's reporting currency, the US Dollar. Inflation-driven cost increases were partially passed on to customers or offset by increased efficiency. EBITDA rose to USD 12.9 million (USD 8.1 million), corresponding to a good margin of 14.8% (11.0%), EBIT to USD 11.2 million (USD 6.4 million), corresponding to a margin of 12.8% (8.7%). Due to strong upheavals in the financial markets, the financial result was negative at USD -5.5 million (USD +4.5 million) and had a substantial negative impact on net income, which at USD 5.2 million (USD 9.3 million) was down considerably from the good result of the previous year. Earnings per share corresponded to USD 31.81 (USD 56.07). Datacolor employed an average of 387 (371) people in the year under review.

## **Dynamic sales development**

In the reporting period, Datacolor continued to report a strong increase in sales in the Asian market, particularly in China. Consequently, the share of sales attributable to the Asian region rose to 44% (39%). Sales in the Americas region accounted for 27% (28%) of total sales, in line with Datacolor's overall favorable sales performance. The European market

region's contribution to sales declined slightly in the year under review to 29% (33%), partly due to the depreciation of the Euro against the US Dollar.

#### **Software-as-a-Service (SaaS) offering and new consumer market products introduced**

Datacolor continued to invest substantially in the development of new products, in particular a cloud-based Software-as-a-Service (SaaS) offering for Datacolor industrial products that supports customers in efficient data exchange, Big Data analytics and increased process flexibility. The new SaaS offering will be gradually rolled out to customers over the coming years and will allow to stabilize Datacolor's sales and earnings.

In October 2021, Datacolor launched the first version of CloudQC Viewer, a simple and easy-to-use on-demand digital color assessment application developed in collaboration with customers. CloudQC Viewer will be continuously enhanced and equipped with additional features such as data storage and device connectivity.

In May 2022, Datacolor launched software subscription programs for its color formulation products Datacolor Match Textile and Datacolor Match Pigment, as well as for its color management solution Datacolor Tools. Customers in the textile, paint and coatings, and plastics industries thus have an alternative to purchasing a perpetual software license that allows them to use Datacolor's latest digital color management software and provides regular updates and access to Datacolor customer support.

In September 2022, Datacolor launched Spyder Checkr Photo, a new pocket-sized product designed to meet the needs of photographers. Using a proprietary printing system, Spyder Checkr Photo provides unmatched accuracy for camera color calibration.

#### **Sound balance sheet**

At the end of fiscal 2021/22, Datacolor AG had total assets of USD 81.3 million (9/30/2021: USD 83.7 million). Net cash including financial assets amounted to USD 43.7 million (9/30/2021: USD 51.9 million). Accounts receivable increased to USD 11.0 million (USD 8.8 million) due to the increase in sales. In order to reduce the risk of supply chain shortages, inventory levels were increased to USD 13.0 million (30.9.2021: USD 10.7 million). Datacolor remains debt-free. The company has a shareholders' equity of USD 47.8 million (30.9.2021: USD 52.5 million), corresponding to an equity ratio of 58.8% (30.9.2021: 62.7%).

#### **Change in management**

In October 2022, Yazid Tohme took over as Chief Technology Officer from Tae Park, who will retire at the end of that year. The Board of Directors and the Executive Committee would like to thank him for his long-standing support. The new Executive Committee member has extensive experience and a successful track record in research and development as well as supply chain management in the software and instrument measurement industry.

#### **Datacolor AG**

The holding company Datacolor AG posted a profit of CHF 4.3 million in fiscal 2021/22 (fiscal 2020/21: CHF 0.5 million). After payment of the dividend of CHF 5.7 million for fiscal 2020/21, Datacolor AG had shareholders's equity of CHF 12.9 million on the reporting date September 30, 2022 (9/30/2021: CHF 16.6 million). For fiscal 2021/22, the Board of Directors proposes to the Annual General Meeting of Datacolor AG on December 7, 2022, the distribution of a dividend corresponding to the lower net profit of CHF 20 per share.

#### **Outlook**

The Board of Directors and the Executive Committee expect that Datacolor will at least maintain or slightly increase sales and profitability with its successful color management solutions for customers in the industrial and consumer markets and with continued substantial investments in research and development and further product innovations, despite an emerging slowdown in growth momentum. This assumes that there will be no disruptive events for the global economy and that no further lockdowns weaken growth in China, Datacolor's largest market. With substantial net cash including financial assets and a solid shareholders' equity, Datacolor is well prepared to continuously strengthen its market position by organic growth and, if possible, by acquisitions that are complementary with Datacolor's business model.

Rotkreuz, November 2022

Datacolor AG



Werner Dubach  
Chairman of the Board of Directors

## DATACOLOR SHARE INFORMATION

### Stock exchange information

Expected dividend ex date (subject to approval by AGM)	December 9, 2022
Listing	SIX Swiss Exchange (Zürich)
Security ID	853 104
ISIN	CH0008531045
Reuters	DCN.S
Bloomberg	DCN
Investdata	DCN

Capital structure	30.09.2022	30.09.2021
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 %)	30.09.2022	30.09.2021
Werner Dubach	64.04%	64.04%
Community of heirs – Anne Keller Dubach	19.70%	19.70%

Shareholders by category (in %)	30.09.2022	30.09.2021
Significant shareholders	83.74%	83.74%
Private investors	93.35%	94.82%
Corporate investors	6.65%	5.18%
Non-registered shareholders	1.38%	1.59%

Share distribution	30.09.2022	30.09.2021
<b>Number of registered shares</b>	<b>Number of shareholders</b>	<b>Number of shareholders</b>
1 – 100	456	452
101 – 1 000	18	24
1 001 – 10 000	5*	5*
>10 000	2	2
Total	481	483

\*including treasury shares of Datacolor AG

Share price data in CHF	2021/22	2020/21
First trading day	635.00 (01.10.2021)	515.00 (01.10.2020)
Low	630.00 (26.10.2021)	505.00 (29.10.2020)
High	750.00 (26.11.2021)	670.00 (16.08.2021)
Last trading day	660.00 (30.09.2022)	635.00 (30.09.2021)
Average share price	696.91	585.17
Market capitalization in CHF million as of September 30	106.50	104.50

## KEY FIGURES GROUP

in USD million	2021/22	2020/21
<b>Net sales</b>	<b>87.4</b>	<b>73.6</b>
Change relative to previous year in %	18.8%	20.6%
<b>EBITDA</b>	<b>12.9</b>	<b>8.1</b>
Change relative to previous year in %	59.0%	338.7%
as a % of net sales	14.8%	11.0%
<b>EBIT</b>	<b>11.2</b>	<b>6.4</b>
Change relative to previous year in %	73.7%	2457.8%
as a % of net sales	12.8%	8.7%
<b>Net result</b>	<b>5.2</b>	<b>9.3</b>
Change relative to previous year in %	-44.2%	1539.7%
as a % of net sales	5.9%	12.6%
as a % of average shareholders' equity	10.3%	18.9%
<b>Cash flow from operating activities</b>	<b>9.0</b>	<b>8.9</b>
Change relative to previous year in %	0.7%	783.4%
as a % of net sales	10.3%	12.2%
<b>Cash flow from investing activities</b>	<b>-4.0</b>	<b>-1.1</b>
Change relative to previous year in %	251.5%	-77.3%
as a % of cash flow from operating activities	-44.0%	-12.6%
<b>Free Cash Flow</b>	<b>5.0</b>	<b>7.8</b>
Change relative to previous year in %	-35.5%	224.3%
as a % of net sales	5.8%	10.6%
<b>Average number of employees</b>	<b>387</b>	<b>371</b>
<b>Personnel expenses</b>	<b>36.3</b>	<b>34.5</b>
<b>Total assets</b>	<b>81.3</b>	<b>83.7</b>
<b>Shareholders' equity</b>	<b>47.8</b>	<b>52.5</b>
as a % of assets	58.8%	62.7%
<b>Net liquidity (including current financial assets)</b>	<b>43.7</b>	<b>51.9</b>
<b>Per share data <sup>1)</sup></b>		
Average number of shares	162 411	165 019
Earnings per share in USD (non-diluted)	31.81	56.07
Free Cash Flow per share in USD	31.04	47.37
Shareholders' equity per share in USD	294.34	317.87
Dividend per share in CHF <sup>2)</sup>	20.00	35.00
Share price data as of 30.09. in CHF	660.00	635.00
Yield in % <sup>3)</sup>	3.8%	5.5%

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

<sup>2)</sup> According to the proposal of the Board of Directors on November 8, 2022.

<sup>3)</sup> Distribution in percentage of the share price as of September 30, 2022.