

# Results for the year ended 30 September 2020

**Mark Cambridge - Chief Executive**

**Claire Smith - Finance Director**

**December 2020**



- Slow start to fiscal year 2020, strengthened performance over Q2 period, COVID-19 significantly impacted business throughout the whole of H2
- Revenue of £12.7m (2019: £20.1m), H1 revenues of £7.4m, H2 of £5.3m
- Restructuring and work pattern controls employed to minimise gross margin effects throughout H2
- Reported EBITDA of £0.2m (2019: £4.1m), underlying EBITDA of £1.6m<sup>#</sup>
- Reported LBT of £0.4m (2019: £3.1m PBT), underlying PBT of £0.5m<sup>#</sup>
- Corporation tax credit of £0.1m to carry back (2019: charge of £0.4m)
- Fully diluted LPS of 1.8p (2019: 16.8p EPS)
- Net cash of £14.0m (30 September 2019: £13.1m), after dividends paid in year of £2.4m, relating to the final dividend from 2019
- No dividends proposed for 2020 (2019: 22.8p)

<sup>#</sup> net of exceptional costs of restructuring and implementation of furlough schemes

# Consolidated statement of comprehensive income



	Audited 12 months to 30 Sept 2020	Audited 12 months to 30 Sept 2019
Group revenue	<b>£12.7m</b>	£20.1m
Gross profit	<b>£2.6m</b>	£6.8m
Gross margin	<b>20.1%, 28.9%*</b>	33.7%
Group trading (loss)/profit	<b>(£1.0m), £0.4m*</b>	£3.0m
Trading margin	<b>(7.6%)</b>	14.8%
Net income/(costs)	<b>£0.5m</b>	£0.1m
(Loss)/profit before tax	<b>(£0.4m), £0.5m*#</b>	£3.1m
Tax credit/(expense)	<b>£0.1m</b>	(£0.4m)
(Loss)/profit for the year	<b>(£0.3m)</b>	£2.7m
Earnings/(Loss) per share, EPS/(LPS)		
Basic	<b>(1.8p)</b>	16.6p
Diluted	<b>(1.8p)</b>	16.6p

underlying position, \* net exceptional costs of restructuring and furlough and # furlough grant receipts

- Group revenue £12.7m (2019: £20.1m)
- Gross profit margin of 20.1% (2019: 33.7%)
  - Restructuring and furlough costs of £1.1m (underlying gross profit margin of 28.9%)
  - Impacted by change in mix of sensors sold, with less large format sensors being invoiced, predominantly in gaming market
- Admin expenses of £3.3m (2019: £3.5m)
  - Restructuring and furlough costs of £0.3m
- EBITDA of £0.2m, underlying £1.6m (2019: £4.1m)
- Grant furlough receipts of £0.5m
- Reported LBT of £0.4m, underlying PBT of £0.5m (2019: PBT of £3.1m)
- Tax credit of £0.1m to carry back against prior year charge of £0.4m
- LPS of 1.8p (2019: 16.8p EPS), fully diluted LPS of 1.8p (2019: EPS of 16.8p)
- Dividend proposed for year of nil (2019: 22.8p)

# Consolidated statement of financial position



	Audited 12 months to 30 Sept 2020	Audited 12 months to 30 Sept 2019
Non-current assets	<b>£6.9m</b>	£7.7m
Current assets (less cash)	<b>£4.2m</b>	£7.2m
Cash	<b>£14.0m</b>	£13.1m
<b>Total assets</b>	<b>£25.1m</b>	£28.0m
Current liabilities	<b>(£1.5m)</b>	(£1.7m)
Non-current liabilities	<b>(£0.5m)</b>	(£0.5m)
<b>Total liabilities</b>	<b>(£2.0m)</b>	(£2.2m)
<b>Net assets</b>	<b>£23.1m</b>	£25.8m

# Consolidated cashflow statement



	Audited 12 months to 30 Sept 2020	Audited 12 months to 30 Sept 2019
(Loss)/profit before tax	<b>(£0.4m)</b>	£3.1m
Depreciation and amortisation	<b>£1.2m</b>	£1.2m
Movement in working capital	<b>£3.2m</b>	(£1.1m)
Tax paid	<b>(£0.2m)</b>	(£0.2m)
Net cash from operating activities	<b>£3.2m</b>	£2.8m
Net cashflow used in investing activities	<b>(£0.3m)</b>	(£0.6m)
Dividends	<b>(£2.4m)</b>	(£3.7m)
Net cashflow used in financing activities	<b>(£2.0m)</b>	(£3.7m)
Increase/(decrease) in cash	<b>£0.9m</b>	(£1.5m)
Net cash	<b>£14.0m</b>	£13.1m

- Group statement of financial position remains strong with reported cash of £14.0m (2019: £13.1m)
- Currency
  - Hedging strategy remains beneficial with more natural hedging in EUR
  - Surplus USD & EUR forward FX contract cover of 3-4 months, in line with working capital
    - Non material liabilities at both year ends < £0.1m
- Cash position and cashflows
  - Cash inflow from operating activities of £3.2m (2019: £2.8m)
  - Working capital £3.2m decrease (30 September 2019: £1.1m increase)
    - Stocks and debtors decreased, creditors increased
  - Capex spend of £0.4m (2019: £0.6m)
    - R&D £0.2m (2019: £0.1m), Plant & Equipment £0.2m (2019: £0.5m)
  - Taxation paid £0.2m (2019: £0.2m)
  - Government grants received £0.5m (2019: £nil)
  - Dividend payments during period of £2.4m (2019: £3.7m)

- Order fulfilment and future material availability concerns from Chinese and other Asian suppliers, January onwards
- Imposition of travel restrictions on global sales management in February continuing
- Staged impacts from COVID-19 constraints on logistics, suppliers, geographic markets and customers
- Business operational throughout, but at significantly lower operational levels
- Manpower matched to reducing workflow requirements
  - Utilisation of furlough leave scheme
  - Restructuring of all departments to align with changed business demands
    - 39% reduction in total UK workforce
- Suspension of new CAPEX projects, reduced indirect spend, conservation of cash
- Significant and continued business disruption in all markets but significantly in the casino gaming market, further reducing normal short term visibility



- Total revenues of £12.7m (2019: £20.1m)
  - Significant COVID-19 impacts throughout whole of H2, makes prior year and prior period comparisons non-meaningful
    - H1 of £7.4m, H2 of £5.3m, 50% reduction against H2 2019 (£10.6m)
- All major application markets exhibit declines against 2019 performance metrics, with vending being only area to show an improved H2 vs H1

	Revenues GBP			Revenues GBP		
	FY2019	FY2020	Variance	FY20-H1	FY20-H2	Variance
Gaming	£6.4m	£3.1m	(51%)	£2.3m	£0.8m	(67%)
Financial	£6.2m	£3.8m	(38%)	£2.2m	£1.6m	(28%)
Vending	£4.0m	£2.2m	(45%)	£1.0m	£1.2m	28%
Industrial	£1.7m	£1.6m	(4%)	£0.9m	£0.7m	(25%)
Signage	£1.1m	£1.1m	(6%)	£0.6m	£0.5m	(10%)

▪ Table excludes "Other" at £0.9m for FY20 and £0.7m for FY19

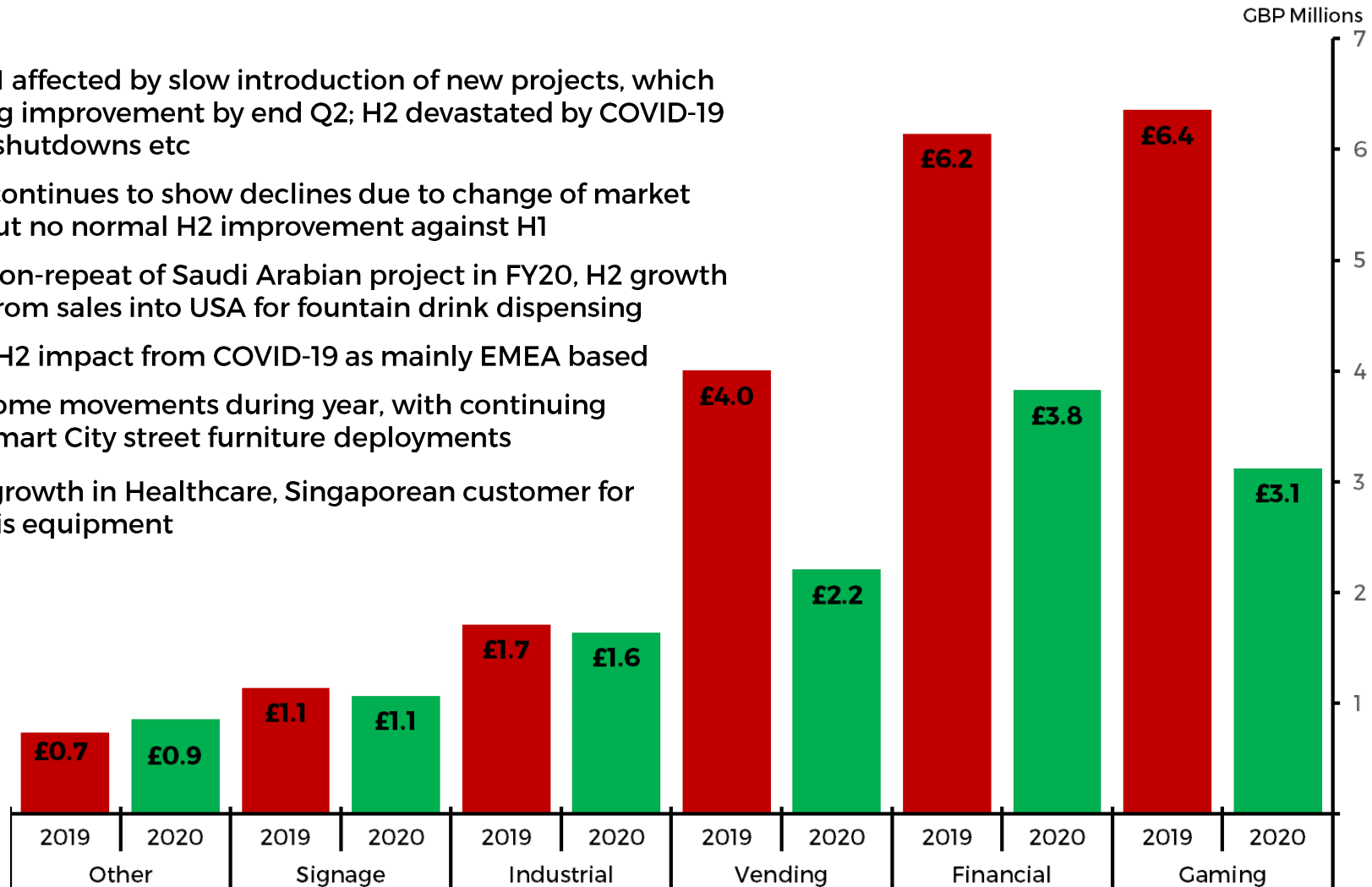
- Total export revenue of £12.1m, 96% of total (2019: £18.0m, 90%)

Note: Exports refer to product invoicing geography; and rounded to nearest £0.1m

# Sales - revenues by markets



- Gaming – H1 affected by slow introduction of new projects, which was showing improvement by end Q2; H2 devastated by COVID-19 and casino shutdowns etc
- Financial – continues to show declines due to change of market practices, but no normal H2 improvement against H1
- Vending – Non-repeat of Saudi Arabian project in FY20, H2 growth against H1 from sales into USA for fountain drink dispensing
- Industrial – H2 impact from COVID-19 as mainly EMEA based
- Signage – Some movements during year, with continuing uptake of Smart City street furniture deployments
- Other – H2 growth in Healthcare, Singaporean customer for DNA analysis equipment



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# Touch sales - sensor size range and markets



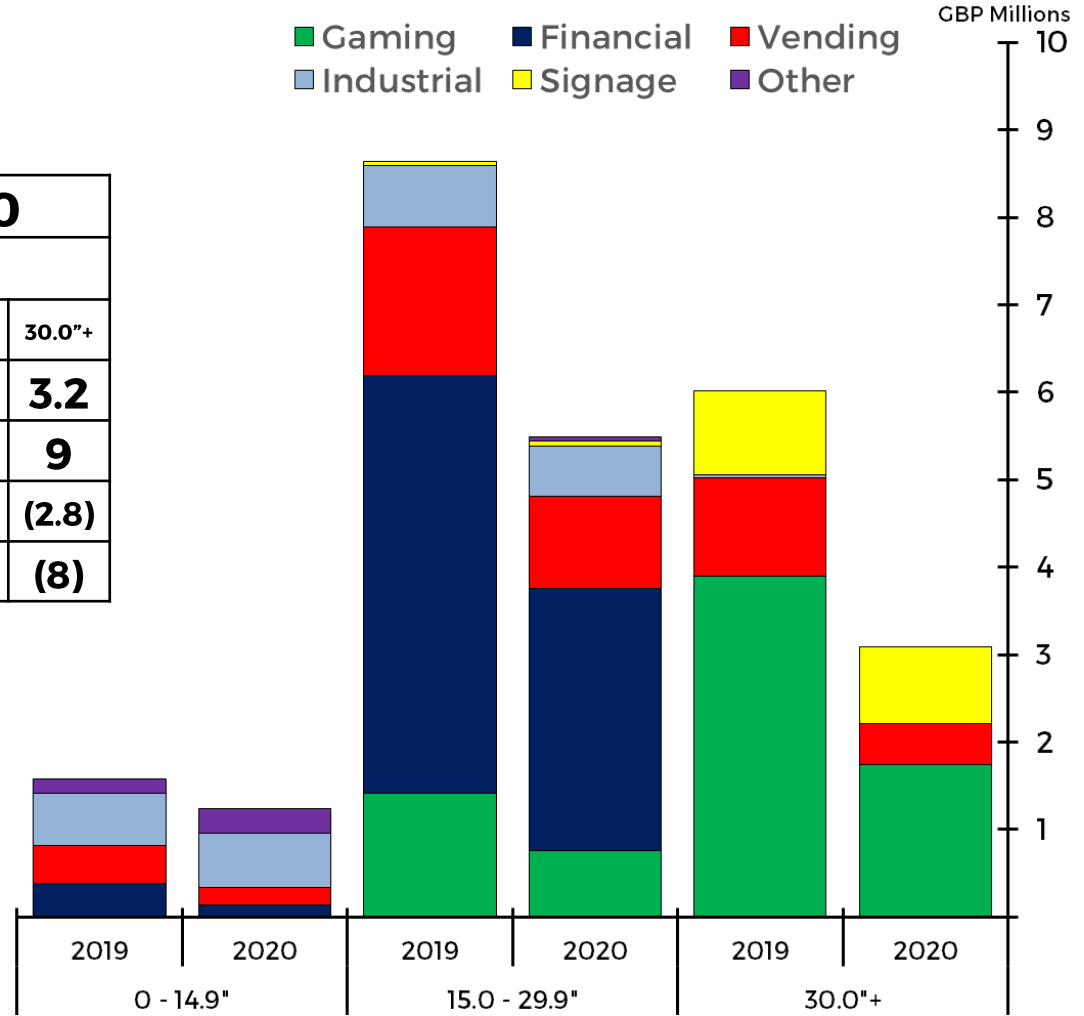
	2019			2020		
Total Units	<b>124</b>			<b>78</b>		
Size Range	0 - 14.9"	15.0" - 29.9"	30.0"+	0 - 14.9"	15.0" - 29.9"	30.0"+
Revenues - £m	<b>1.6</b>	<b>8.7</b>	<b>6.0</b>	<b>1.3</b>	<b>5.5</b>	<b>3.2</b>
Units (k)	<b>30</b>	<b>79</b>	<b>15</b>	<b>19</b>	<b>50</b>	<b>9</b>
Revenue Variance £m				<b>(0.3)</b>	<b>(3.2)</b>	<b>(2.8)</b>
Unit Variance (k)				<b>(11)</b>	<b>(29)</b>	<b>(8)</b>

Volume of MPCT™ units **14k** (2019: **17k**)

Volume of Curved units **4k** (2019: **7k**)



■ Gaming    ■ Financial    ■ Vending  
■ Industrial    ■ Signage    ■ Other



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Note: Revenues are touch sensors only and exclude controllers and ancillaries

# Marketing



- Pre-COVID-19, direct presence at USA Gaming and European Digital Signage expos; indirect attendance at UK Gaming and German display expos through channel partner
  - March onwards, all global trade shows cancelled, hampers launch of ZYBRID<sup>®</sup>edge
- COVID-19 drives increased digital marketing focus, investment made into new photography/filming equipment and internal studio, website refresh of ZDL and plc sites
- Release of numerous case studies, whitepapers and 'thought' pieces, see [www.zytronic.co.uk/news/](http://www.zytronic.co.uk/news/)



PharmaShop24 (Italy)  
- Dispensing kiosk



Techart Group (Taiwan) - Interactive table using Zytronics shape recognition system



TouchMate (Australia) - Speciality weighbridge kiosks

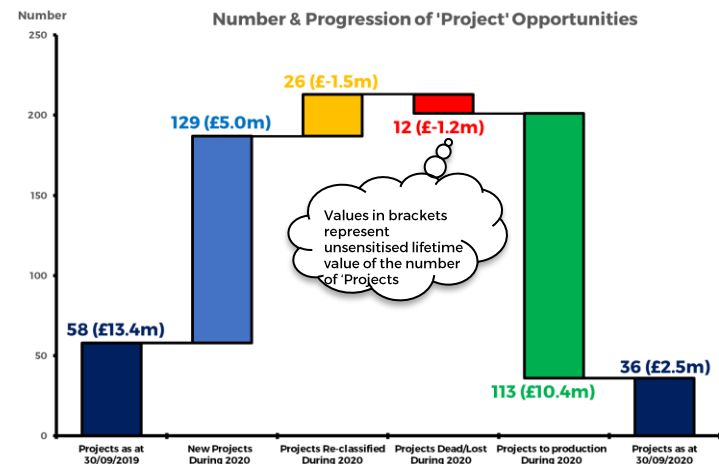
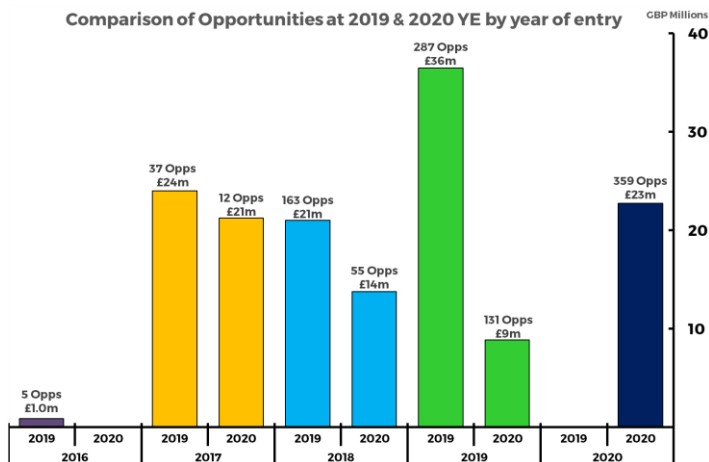


Ideum (USA) - 6.4m multi-display multi-touch collaboration table

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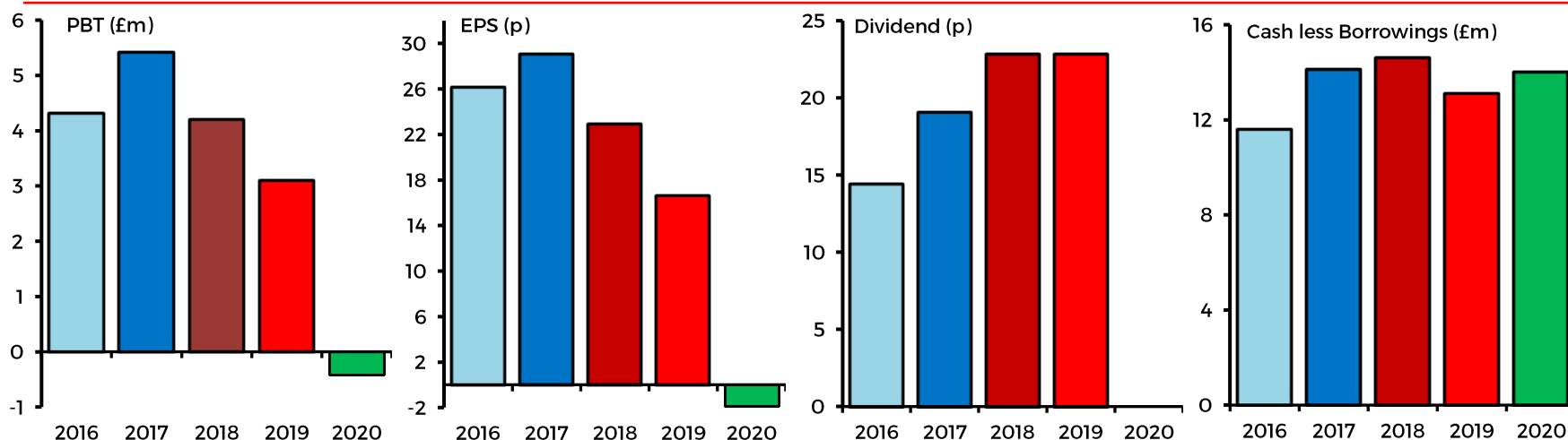
- COVID-19, drives algorithm and firmware development for a contactless robust interactive component solution, ZYBRID<sup>®</sup>hover
- Refinement of electronics and new algorithms, providing indistinguishable touch movement between adjacent monitors for video walls, ZYBRID<sup>®</sup>edge
- Utilisation of lamination knowledge in early stage collaboration with Cohda Design Ltd, to develop transparent structures for driving powered devices without visible wiring or connections, electroglasZ<sup>™</sup>
- CRM opportunities analysis as at 30 September 2020
  - 557 opportunities, projected value of £67m, maintaining good value retention in pipeline (30 September 2019: 494, £83m),



- Slow start to fiscal year, accelerating through Q2 period
- COVID-19 immediately impacted trading at H2 start, but able to maintain strong balance sheet and cash generation
- Continue to operate in diversified technologies, products and markets (geography and application)
- Continued innovation in technologies and market opportunities
- Opportunity levels and their status provide the platform for rapid improved performance post global COVID-19 disruptions
- Established global exporter, with appropriate systems to accommodate changes to EU trading on 31 December, in no-deal scenario
- First two months of FY21 sales similar to FY20 monthly Q4 levels, EBITDA positive
- Expectation is for COVID-19 impacts to be felt through 2021 until effects of viable vaccine has impacted our global markets

# Appendices

# 5yr financial comparisons



	Year ended	30-Sept-16	30-Sept-17	30-Sept-18	30-Sept-19	30-Sept-20
Revenue (£m)		21.1	22.9	22.3	20.1	<b>12.7</b>
Gross margin (%)		42.8	41.1	37.0	33.7	<b>20.1</b>
EBITDA (£m)		5.4	6.6	5.2	4.1	<b>0.2</b>
PBT/(LBT) (£m)		4.3	5.4	4.2	3.1	<b>(0.4)</b>
EPS/(LPS) (FD)/(AD) (p)		26.1	29.0	22.7	16.6	<b>(1.8)</b>
Dividends for year (p)		14.41	19.0	22.8	22.8	<b>nil</b>
Net cashflow from operating activities (£m)		5.6	4.7	4.8	2.8	<b>3.2</b>
Net cash (£m)		11.6	14.1	14.6	13.1	<b>14.0</b>

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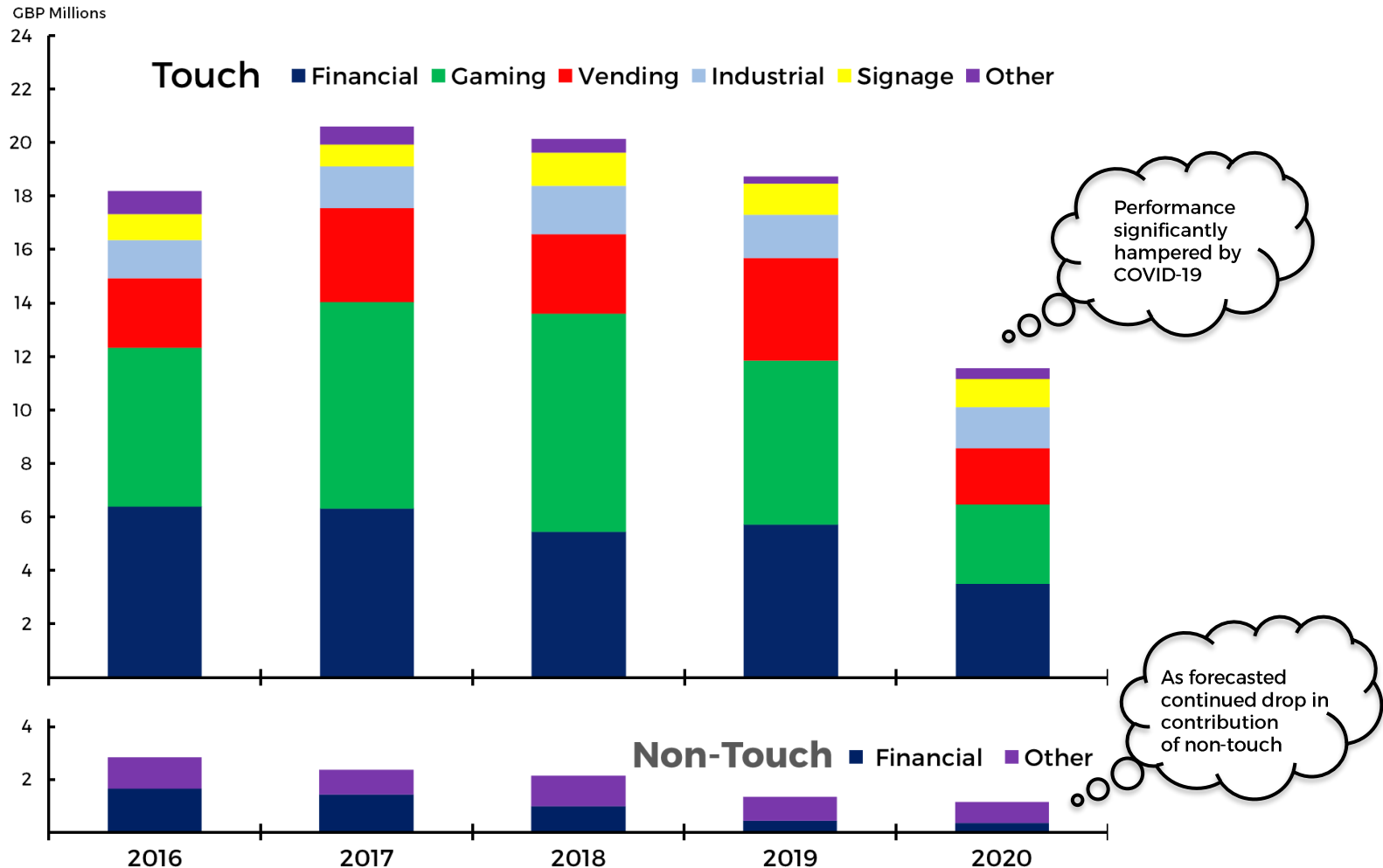
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# 5yrs - revenues by products and markets



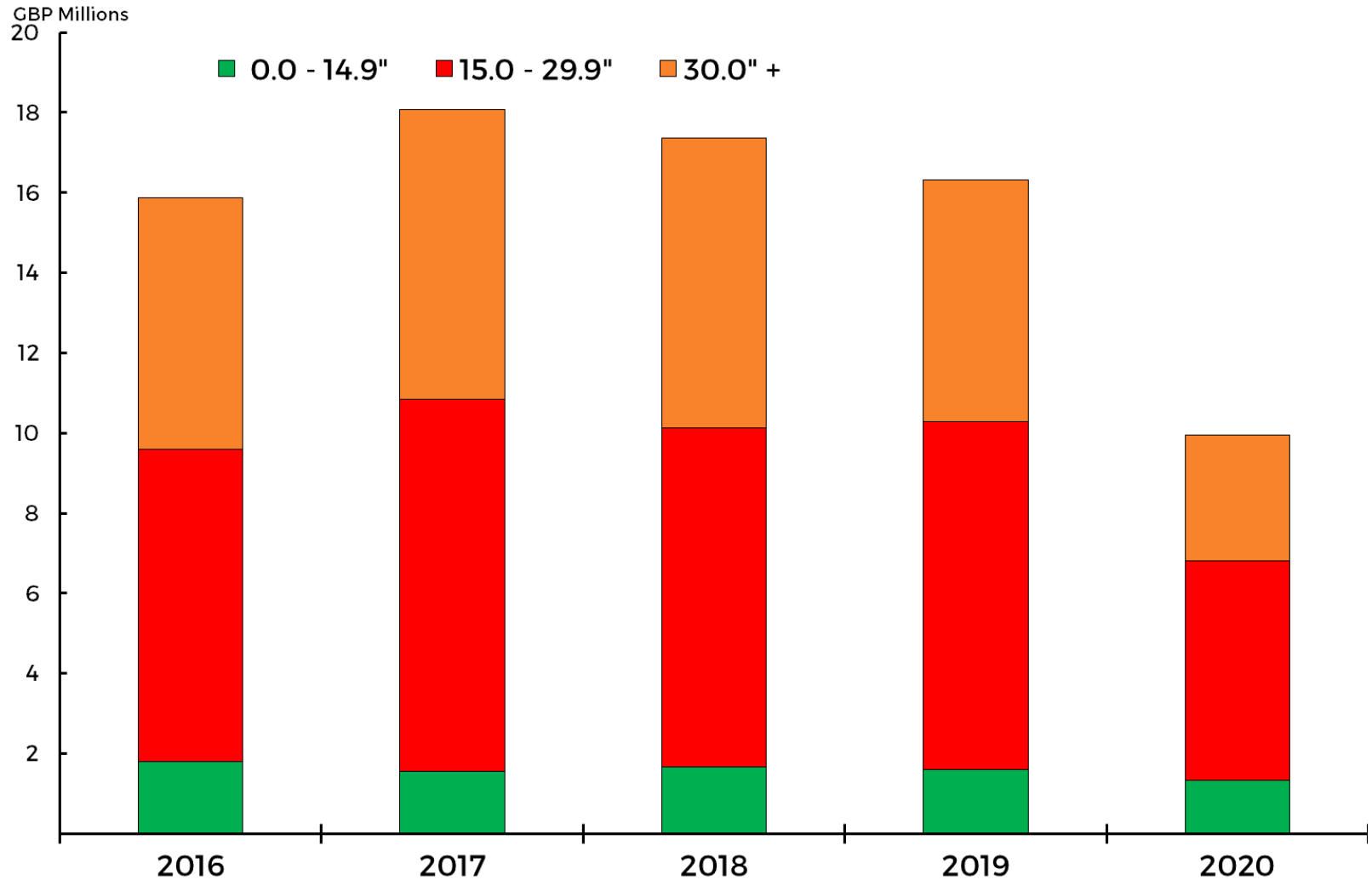
Note: Touch revenues are fully inclusive of sensors, controllers, ancillaries and non-recurring engineering charges



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# 5yrs sensor touch sales - sensor size ranges



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Note: Revenues are touch sensors only and exclude controllers and ancillaries

# Shareholder profile



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<b>Shareholding (&gt;3% by parent company) as of 30 November 2020</b>	<b>(%)</b>
Hargreaves Lansdown PLC	11.21
Interactive Investor Trading	8.70
Close Brothers Group	7.96
AXA SA	7.57
Private Stakeholders (UK)	4.50
Canaccord Genuity Group Inc	4.44
Barclays Bank	4.27
Brewin Holdings plc	3.01
Directors & related parties	1.52
<b>Total Shares as of 30 November 2020</b>	<b>16,044,041</b>

## **Non-Executive Chairman - Tudor Griffith Davies**

Tudor has over twenty years listed company experience, as a Director of Castle Support Services plc, Chairman of Dowding & Mills Plc, Chairman of Stratagem plc, Chief Executive and subsequently Chairman of Hicking Pentecost Plc, and a Non-Executive Director of Scottish Highland Hotels Plc. He is currently Chairman of Assetco plc

## **Chief Executive Officer - Mark Cambridge**

Mark after being appointed to the board of Zytronic Plc in June 2007 became Chief Executive in January 2008. Mark is a graduate in Materials Science with prior industrial experience in the nuclear and metal casting industries and a Securities Institute Certificate in Corporate Finance. He has held positions within the operating subsidiary Zytronic Displays Limited of Technical and Quality Director, Sales and Marketing Director and has been its Managing Director since 2006 and is also President of its subsidiary Zytronic Inc.

## **Group Finance Director - Claire Louise Smith**

Claire is a graduate in Business and Finance, CIMA accredited with a certificate in International Cash Management. She held various positions with Procter & Gamble and the NAAFI, before joining Zytronic Displays Limited in April 2007, as Group Financial Controller. In 2012, Claire was appointed Finance Director of the operating subsidiary Zytronic Displays Limited and Finance Director of Zytronic Plc in January 2014. Claire is also the Group Company Secretary

## **Independent Non-Executive Director - David John Buffham**

David worked at the Bank of England until 2010, and as the Bank's Agent for the North East of England from 2001. David was a Director of William Leech (Investments) Ltd and Newcastle Building Society. David is the Chairman of the Audit Committee and the Remuneration Committee