



ZYTRONIC

Results for the year ended 30 September 2023



January 2024

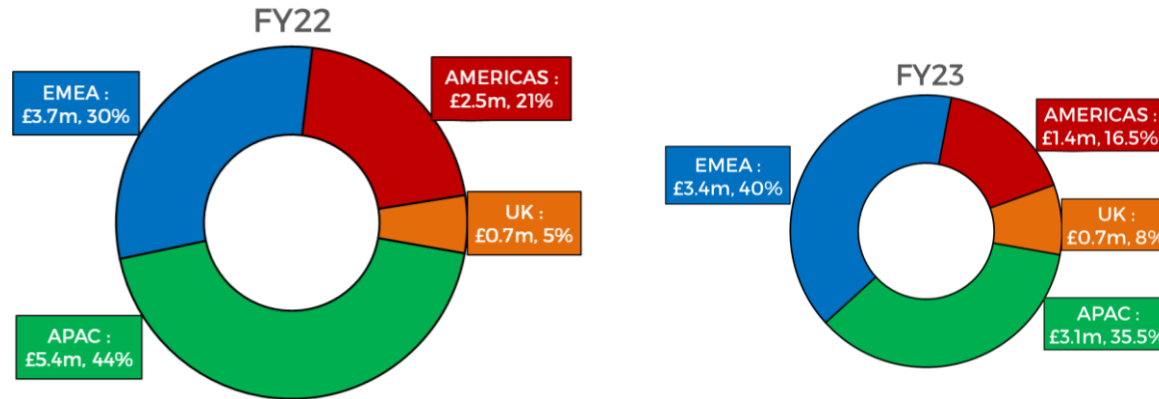
- Revenues of £8.6m (2022: £12.3m)
 - significantly impacted by customer issues in Gaming and Vending as previously reported
 - toward upper end of revised range set in May 2023 trading update
- All major addressable markets showed declines
 - Gaming decreased by £2.3m
 - Vending decreased by £1.0m
- Reflecting the above, gross margin excluding exceptional costs of 24.5% (2022: 30.5%) and 17.4% including £0.6m of exceptional costs
- LBITDA excluding exceptional costs at £0.4m (2022: EBITDA of £1.5m) and £1.4m including £1.0m of exceptional costs
- LPS of 15.4p (2022: EPS of 5.6p)
- No proposed final dividend, £nil dividends for year, in line with communicated dividend policy (2022: 2.2p)
- Closing net cash of £4.7m (2022: £6.4m) with interest earned of £0.2m (2022: less than £0.1m)

Note: All monetary values, except EPS, individually reported across the presentation are rounded to the nearest £0.1m

- Group revenue decreased by 30% to £8.6m (2022: £12.3m)
- Gross profit margin excluding exceptional costs declined to 24.5% (2022: 30.5%), and including exceptional costs to 17.4%, influenced by:
 - Exceptional costs totalling £0.6m for stock write down, goodwill impairment and restructuring
 - Change in sales mix with reduced volume of larger format / higher margin products sold
 - Increased raw material costs, due to supply chain shortages, with inability to pass on to customers in some instances
- Admin expenses of £3.5m (2022: £2.8m)
 - Exceptional costs total £0.4m relating to bad debt impairment and restructuring costs
 - Increased travel and marketing costs over prior year resulting, in growth in opportunity log
- LBITDA excluding exceptional costs at £0.4m (2022: EBITDA of £1.5m) and including exceptional costs at £1.4m (2022: EBITDA of £1.5m)
- Loss before tax of £2.0m (2022: profit before tax of £0.7m)
- Tax credit on the loss before tax totals £0.4m (2022: charge of £0.1m)
- Loss per share is 15.4p (2022: earnings per share 5.6p)
- No proposed final dividend, nil total dividend for year (2022: 2.2p)

- Group statement of financial position remains strong with reported cash of £4.7m (2022: £6.4m)
- Currency
 - Hedging strategy remains beneficial with more natural hedging in EUR
 - No contracts in place at year end (2022: liability of £0.1m)
- Cash position and cashflows
 - Cash utilised in operating activities of £0.9m (2022: £0.1m)
 - Working capital £0.5m decrease (2022: £1.4m increase)
 - Trade and other receivables decreased by £1.7m (2022: £0.8m increase)
 - Inventories increased by £0.5m as goods ordered in the prior year filtered in over the period (2022: £0.7m increase)
 - Creditors decreased by £0.7m
 - Capex spend of £0.8m (2022: £0.5m)
 - R&D £0.5m (2022: £0.2m), Plant & Equipment £0.3m (2022: £0.3m)
 - Interest earned of £0.2m (2022: < £0.1m)
 - Tax received £0.1m (2022: tax paid £0.2m)
 - Dividend payments during period £0.2m (2022: £0.2m)

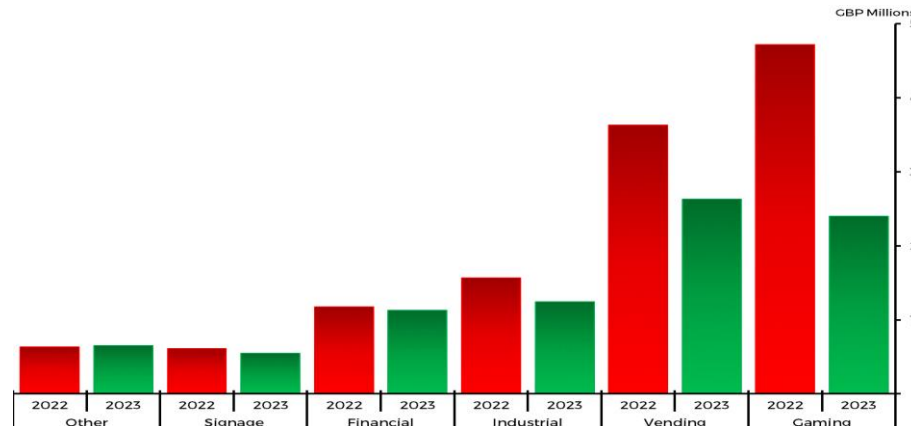
- Business highly export invested, overseas revenues of 92% (2022: 95%)



- Risk effects of COVID-19 subsided on material supplies, but still had negative influence on sales process
 - FY22 overstocking by Vending customer, affected FY23 revenue
 - Electronic component supply issue, caused delays due to regulatory approval requirements in Gaming
 - Human factor changes in working from home/hybrid, increased difficulty in face-to-face lead generation
- All major contributory markets, evidenced reduction in revenue generation, Gaming and Vending the most significantly impacted
- Mitigation steps taken over H2, to retain skills within business, whilst aligning productive manpower to workload

	FY22	FY23
Vending	£3.6m	£2.6m
Gaming	£4.7m	£2.4m
Industrial	£1.6m	£1.2m
Financial	£1.2m	£1.1m
Signage	£0.6m	£0.6m
Other	£0.6m	£0.7m
Total	£12.3m	£8.6m

Note: values rounded to nearest £0.1m



Markets	Commentary
Vending	Drinks dispenser USA, overstocked in FY22 due to component shortage fears which significantly reduced demand in FY23. EMEA sales to Italy and Spain, showed good levels of improvement
Gaming	Impact of Chapter 11 event in USA, which affected sales from Feb '23 onwards and by events associated with component shortages, product re-designs and regulatory approval processes on associated changes
Industrial	HMI devices and kiosks. Largest reduction in revenues from the EMEA region, and across nearly all western European countries, other than Spain. USA also exhibited a decline, but this was a single program for a customer involved in control units for industrial boilers
Financial	Market maintenance levels of supply on older generation platforms, as latest generation of ATM platforms not utilising Zytronic products. 2 primary end OEM customers, with one increasing sales by £0.2m, whilst other declined £0.2m
Signage	Information systems and tables. Continues at present to be static in revenue terms, with sales for products to Germany and France, showing the largest declines
Other	Smaller markets, such as Telematics, Health, Military, etc. observed improved sales into the UK, offset by a near equal decline in sales to Germany

Touch sales - size range and markets

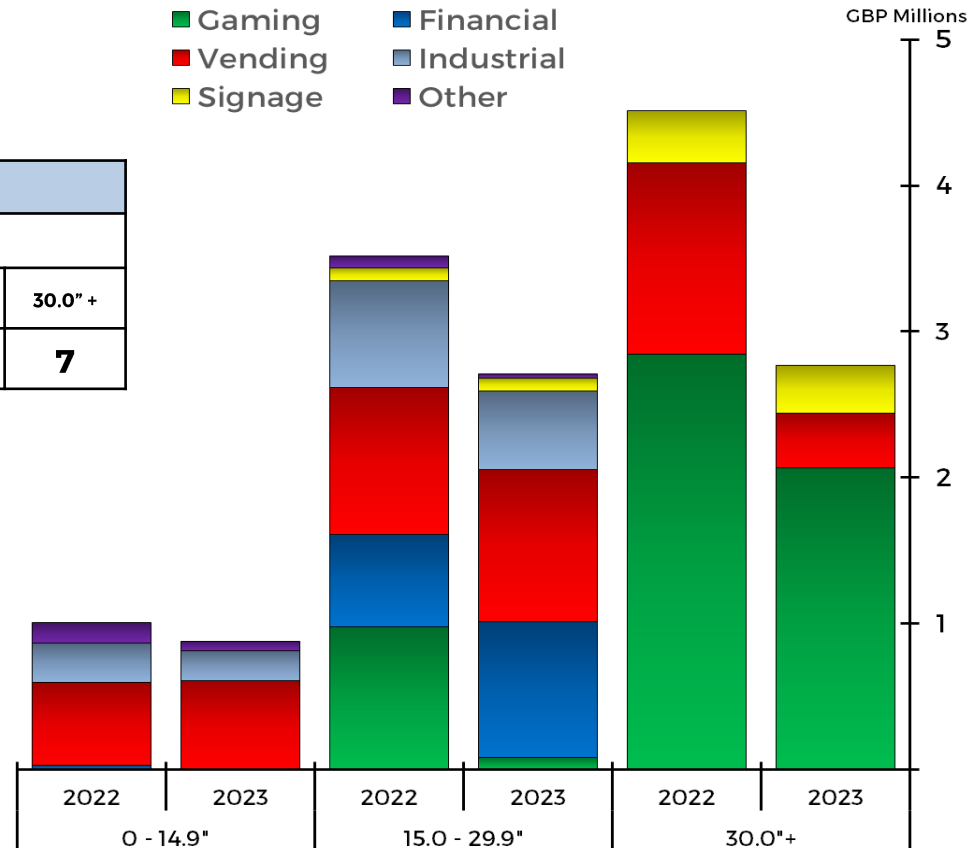
	2022			2023		
Total Units	60.0			43.5		
Size Range	0 - 14.9"	15.0- 29.9"	30.0" +	0 - 14.9"	15.0- 29.9"	30.0" +
Units (k)	17.5	29.5	13	14	22.5	7

Volume of MPCT™ **9.5k (2022: 18.5k)**

Volume of Curved **4.5k (2022: 7.0k)**

Note: Unit volumes are rounded to the nearest 0.5k

- Largest negative variance in larger format/higher margin products



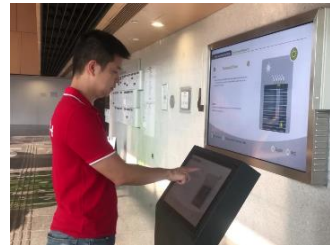
- Global expo participation significantly increased and back towards pre-COVID normality, continues as primary marketing strategy
 - Provided opportunity to address geographical markets in a concentrated compact time frame
 - Show attendance as exhibitor, partner or attendee, in USA, Spain, UK, Germany, Taiwan, Japan, Italy & China
 - Best of ISE 2023, award winning touch control demo unit
- Marketing Specialist and Sales & Marketing Director resigned from business in March and July respectively, new Sales Director appointed in October (internal appointment after acting as interim)
 - New website commissioned, to combine disparate trade and investment websites into one entity, expected conclusion early H2 FY24
 - New trade PR and digital PR contracts, redefine engagement criteria and focus, leveraging expertise and knowledge on market applications and de-focus technology. Introduce pay-per-click campaigns using key B2B social media platform LinkedIn



Ubidus - South Korea



Evoke-Creative - UK



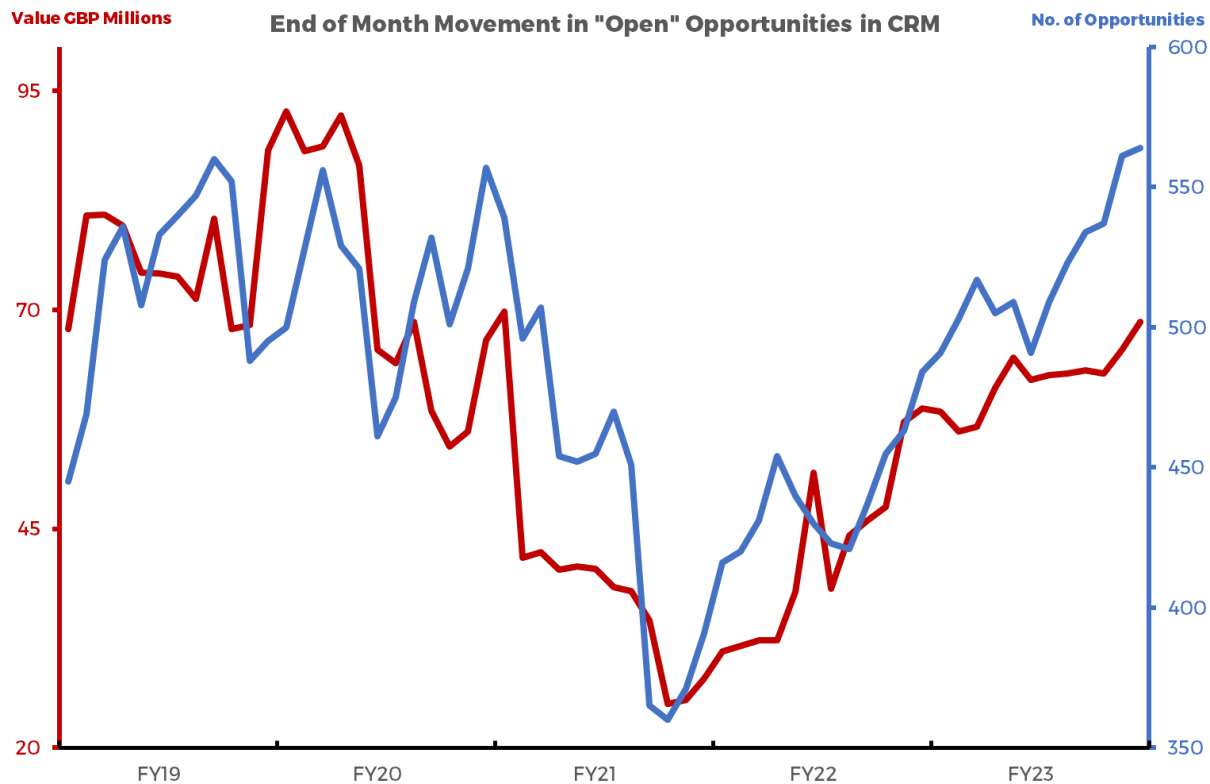
ASPIS - Hong Kong



Olea Kiosks - USA



ISE 2023



	30 Sept 23	Open	CPLV
Vending		174	£36.9m
Gaming		32	£12.0m
Industrial		155	£4.6m
Financial		20	£3.7m
Signage		92	£3.5m
Other		91	£7.9m
Total		564	£68.6m
30 Sept '22		484	£58.7m

- R&D resumed innovation and development work as electronic component shortages subsided to drive new market opportunities beyond component sales
 - Electroglaz™ full-product design concepts for shelving and tables built, including trial cabinet deployment for 'Red Rum' display case at Aintree racecourse
 - Developments of touch integrated solutions for new round and square large format monitors, including designs for full table products
 - AI touch algorithm developments, to allow driving other forms of PCAP sensing technologies, particularly for medium to large display sizes
 - Advancements to Zytronic concepts of hybrid mechanical and touch surface product solutions, incorporating floating buttons, rotary dials, joysticks, tactile features etc in the displays viewable area
- Granted patent portfolio increased by 3 in year to 15, from 10 patent families
 - All under 'Display Arrangement' patent family, being US11,481,057, JP7302824 & KR10-2556872
 - Further 10 patent applications pending, form 4 of the patent families
- FY24 development program:
 - Increase hybrid feature solutions
 - Productionisation of alternative PCAP sensing technology with Zytronic controller electronics
 - Scoping exercise on new 'ASIC' to improve functionality, performance and reduce costs

- Unexpected events in Gaming and Vending customers, had significant impact on FY23 performance
 - Reduction in revenues and margins, as large, curved, & MPCT™ units reduced
 - Workforce considerations around demand, skilling and retention
- Heightened business risks associated with global events are finally exhibiting signs of improvement
 - Continue to be encouraged by global business development and marketing initiatives, and the positive impact this is having on the opportunities pipeline rebuild
 - R&D returning to PCAP innovation and product solution development
- Issues arising from Chapter 11 event with Gaming customer, starting to show improvement, with partial debt recovery and sale of finished goods stock to asset purchaser
- New independent Non-executive Chair appointed, August 2023
- First quarter trends similar to H2 FY22, therefore below same period last year. Strong statement of financial position with good 12-month visibility over cost base.
- Grounds for cautious optimism with reinvigoration of business development function and differentiated technology and products.

Appendices

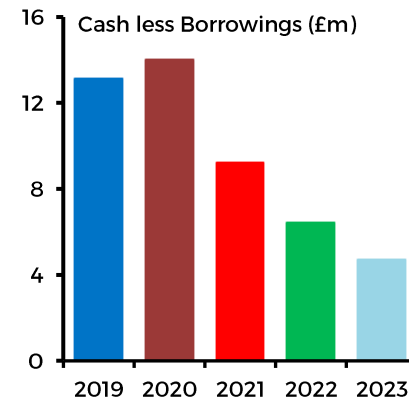
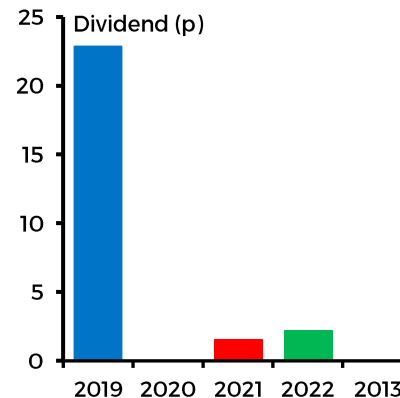
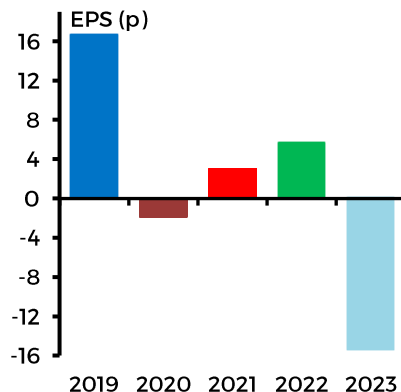
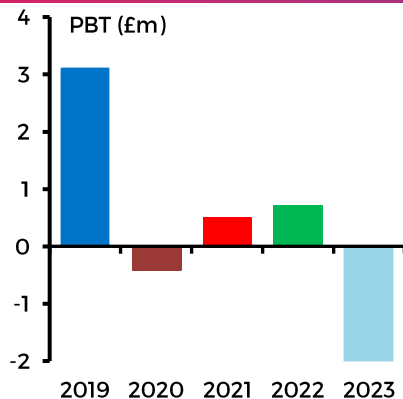
	Audited 12 months to 30 Sept 2023	Audited 12 months to 30 Sept 2022
Group revenue	£8.6m	£12.3m
Gross profit	£2.1m / £1.5m*	£3.8m
Gross margin	24.5% / 17.4%*	30.5%
Group operating (loss)/profit	(£1.2m) / (£2.2m)#	£0.7m
Operating margin	(25.6%)	5.6%
Net income	£0.2m	-
(Loss)/Profit before tax	(£2.0m)	£0.7m
Tax (credit)/expense	£0.4m	(£0.1m)
(Loss)/Profit for the year	(£1.6m)	£0.6m
(Loss)/Earnings per share – Basic	(15.4p)	5.6p

* - Includes costs of sales exceptional items of £0.6m, # - Includes total exceptional items of £1.0m

	Audited 12 months to 30 Sept 2023	Audited 12 months to 30 Sept 2022
Non-current assets	£5.8m	£5.8m
Current assets (less cash)	£4.0m	£5.2m
Cash	£4.7m	£6.4m
Total assets	£14.5m	£17.4m
Current liabilities	(£1.0m)	(£1.7m)
Non-current liabilities	<(£0.1m)	(£0.5m)
Total liabilities	(£1.1m)	(£2.2m)
Net assets	£13.4m	£15.2m

	Audited 12 months to 30 Sept 2023	Audited 12 months to 30 Sept 2022
(Loss)/Profit before tax	(£2.0m)	£0.7m
Depreciation and amortisation	£0.8m	£0.8m
Movement in working capital	£0.5m	(£1.4m)
Tax received/(paid)	£0.1m	(£0.2m)
Net cashflow used in operating activities	(£0.9m)	(£0.1m)
Net cashflow used in investing activities	(£0.6m)	(£0.5m)
Net cashflow used in financing activities	(£0.2m)	(£2.2m)
Decrease in cash	(£1.7m)	(£2.8m)
Net cash	£4.7m	£6.4m

5-yr financial comparisons



Year ended 30-Sept-19

30-Sept-20 30-Sept-21

30-Sept-22 30-Sept-23

Revenue (£m)	20.1	12.7	11.7	12.3	8.6
Gross margin (%)	33.7	20.1	30.3	30.5	17.4
(LBITDA)/EBITDA (£m)	4.1	0.7	1.4	1.5	(1.4)
(LBT)/PBT (£m)	3.1	(0.4)	0.5	0.7	(2.0)
(LPS)/EPS (FD)/(AD) (p)	16.6	(1.8)	3.0	5.6	(15.4)
Dividends for year (p)	22.8	nil	1.5	2.2	nil
Net cashflow from operating activities (£m)	2.8	3.2	2.1	(0.1)	(0.9)
Net cash (£m)	13.1	14.0	9.2	6.4	4.7

Independent Non-executive Chair – Dr Chris Potts

Chris joined the Board on 1st August 2023, bringing over 20 years of CEO and Chair experience of international technology businesses. He is presently Chair of Guralp Systems Ltd, a world leading seismic event monitoring instrumentation company whose global reach and focus is similar to Zytronic, and of proSapient Ltd, an international services business that utilises AI to support strategic decision making. Chris's experience includes leading privately owned firms, private equity backed businesses and divisions of listed public companies, and he has led several large international corporate transactions.

Chief Executive Officer - Mark Cambridge

Mark joined the Board in 2007, after his appointment as Managing Director of the operating subsidiary Zytronic Displays Limited ("ZDL") in 2006 and appointed CEO of the Group in 2008. Mark is also President of ZDL's US subsidiary Zytronic Inc, since 2012. Prior to being appointed the Managing Director of ZDL, he held the prior positions of Sales and Marketing Director, Business Development Director and Technical and Quality Director. Mark holds a BSc (Hons) degree in Materials Science, a Securities Institute Certificate in Corporate Finance and is a Fellow of the Institute of Directors.

Group Finance Director – Claire 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 ZDL in April 2007, as Financial Controller. In 2012, Claire was appointed Finance Director of ZDL and in January 2014 was appointed to the Board as Group Finance Director and Company Secretary.

Independent Non-executive Director – Mark Butcher

Mark has over 20 years' experience in the City where he was an Executive Director of GPG (UK) Holdings plc which was the UK investment arm of Guinness Peat Group plc. In addition to investment management, he has wide experience in international accounting, corporate finance and banking transactions. He has sat as a Non-executive Director on the Boards of several public and private companies and is currently a Non-executive Director of Redde Northgate plc where he is Chair of the audit committee. He has recently retired as a Non-executive Director of AssetCo plc and National Milk Records plc. Mark graduated with a Bachelor of Commerce degree from the University of Cape Town and qualified as a Chartered Accountant in South Africa.

Non-executive Director – John Walter (stepped down with effect from date of results)

John is a former investment banker and wealth manager with over 25 years' investment experience in the public markets, having worked at both NatWest Markets and Chase Manhattan Bank before setting up Metis Asset Management. John joined the Board in a temporary capacity on 10 February 2023, subsequently stepping down on the release of the preliminary audited results for the fiscal year ended 30 September 2023.