

Digizuite adjusts strategy and mid-term financial ambitions and focuses on profitability (EBITDA) and working capital needs in 2023

29.12.2022 12:00:00 CET | Digizuite A/S | Company Announcement

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Contains Inside Information

As announced by Digizuite A/S ("Digizuite" or the "Company") on 23 August 2022 in connection with the interim financial report for the half-year period ended 30 June 2022, Digizuite has worked on an adjusted strategy for the company with a shift from annual recurring revenue ("ARR") growth as first priority to a focus on improving earnings (EBITDA) and the future cash position of the Company. Digizuite has been growing the ARR with +900% during the last five years, and the management believes that the current strategy has successfully been executed and resulted in a strong pipeline and product portfolio. However, due to the changed market dynamics, the Board of Directors and the Executive Management team have found it prudent to focus on profitability by reducing operating cost. This includes reducing sales & marketing costs to improve sales efficiency and significantly reduce platform cloud operating costs based on execution of major updates planned in our development roadmap.

Digizuite expects to deliver results within the announced commercial and financial expectations in 2022, albeit at the lower end of the range announced, which the management considers satisfactory under the given market conditions. The Company has grown its number of new clients with 60%, with the majority of new customers in the European market that performed at all-time high in 2022. The customer net revenue retention rate has during 2022 continued to be high at apx. 110%, with high customer retention and low churn.

As part of the strategy change, Digizuite's Board of Directors decided to initiate a strategic review and explored various options on a stand-alone basis and with potential partners to accelerate the Company's growth and profitability. The Board of Directors has considered various strategic opportunities and has also had preliminary dialogues with interested third parties but is not currently involved in active discussions. The Board of Directors intends to actively explore and pursue new and already identified opportunities as part of its new strategy during 2023. However, the process will be associated with uncertainty and a successful outcome cannot be guaranteed.

Global crises may impact market conditions

The management recognizes and monitors the global changes in market conditions closely and expects increased uncertainty in the coming years. It has become more challenging to be a small global growth company with an ongoing need for capital injection to finance the growth, as the capital markets have significantly deteriorated in the period since Digizuite's IPO and therefore finds it prudent for Digizuite to adjust the current growth strategy. The strengthened pipeline in Digizuite with increased marketing and sales qualified leads confirms the pursuit for accelerated growth.

Financial guidance for 2023 and postponement of the ARR 100M mid-term ambition

Despite the above-mentioned challenges, the Digizuite management team believes that the Company is well positioned for a continued positive development. The Board of Directors has determined that the financial guidance for 2023 is ARR of DKK 50-53M, with neutral EBITDA expected on a monthly basis from end of 2023 or early 2024. With the change in strategy and increased focus on profitability, the management does not find it realistic, under current market conditions, to reach the previously announced 2024 mid-term ambition of DKK 100 million in ARR, until earliest in 2025. In order to reach ARR DKK 100M and neutral EBITDA earlier, the management intends to pursue M&A opportunities.

Increased need for a strong working capital

Because of the adjusted strategy, performance in the lower end of the financial guidance for 2022 and the uncertain market outlook, the Digizuite Board of Directors have decided to pursue a capital increase (perhaps combined with loan financing) of DKK 15-20M to be completed before the end of Q1 2023. Such capital raise is expected to allow Digizuite to be able to bridge the route to become EBITDA- and cash positive and at the same time continue with a satisfactory growth, which can maintain and further develop Digizuite's strong market position.

Forward-looking information

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "strategy", "intends", "estimate", "will", "may", "continue", "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict, and are beyond their control. Actual events may differ significantly from any anticipated development due to a number of factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not make any guarantee that the assumptions underlying the forward-looking statements in this announcement are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this announcement or any obligation to update or revise the statements in this announcement to reflect subsequent events. You should not place undue reliance on the forward-looking statements in this announcement. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm, or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this announcement.

Contacts

- John Norden, Certified Adviser, Norden CEF A/S, +45 20 72 02 00, jn@nordencef.dk
- Kim Wolters, CEO, +45 20 60 97 37, kw@digizuite.com
- Oliver Bottelet, CFO, +45 61 69 66 52, ob@digizuite.com
- Søren Skovbølling, Chairman of the Board, +45 25 31 07 20, ssk@digizuite.com

About Digizuite A/S

Digizuite is a SaaS company in [Digital Asset Management software \(DAM\)](#) that streamlines all digital content in one central platform. Through automated workflows and agile integrations, Digizuite removes manual workflows and streamlines the entire content value chain. Customers choose Digizuite to have control over who, where, and how corporate materials are used. It ensures brand control, risk reduction and helps to increase efficiency and revenue.

Digizuite is a global company that has realized 600% growth in ARR between 2017 and 2020. Today, the company has more than 70 employees between its headquarters in Denmark and its subsidiaries in the United States, United Kingdom, Belgium, and Ukraine.

Attachments

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