

## Trading update from Digizuite for financial year 2022 and update on guidance for financial year 2023

9.3.2023 18:01:36 CET | Digizuite A/S | Company Announcement

COMPANY ANNOUNCEMENT NO. 25 - 09-03-2023 MAY NOT BE PUBLISHED, DISTRIBUTED OR DELIVERED IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR TO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN.

**\*Contains Inside Information\***

**Odense, 9 March 2023 - Diguzite, the global provider of enterprise Digital Asset Management (DAM) SaaS software, provides a trading update for the financial year ended 31 December 2022 (FY 2022) and update on financial guidance for financial year ending 31 December 2023 (FY 2023).**

### Results for FY 2022

In FY 2022, Digizuite A/S (“**Digizuite**” or the “**Company**”) continued to invest in its long-term annual recurring revenue (“**ARR**”) growth in accordance with Digizuite’s previous expansion strategy, focusing on growing the Company’s customer base, which has been replaced by the Company’s new strategy as announced by the Company on 29 December 2022.

The Company’s financial numbers FY 2022 are subject to final audit.

In the assessment of management, Digizuite delivered satisfactory on Digizuite’s growth plan in FY 2022, which primarily was a result of a low customer churn, an increase in customer expansion, and increase in new logo acquisitions.

Nevertheless, Digizuite realized a negative EBITDA, which is estimated to approximately DKK -30 million in FY 2022, which was primarily due to significant investments in marketing, sales and product.

Subject to final audit, key results for FY 2022 include the following (some of which have already been announced in company announcement no. 24 published on 16 January 2023):

- 25% growth in the Company’s ARR from FY 2021 to FY 2022, with a total increase in ARR from DKK 32.1 million to DKK 40.1 million.
- 70% growth in new customer acquisitions from FY 2021 to FY 2022.
- 110% net revenue retention in FY 2022.
- More than 50% of new customers was won together with strategic partners which is considered to be an important factor in the scalability of the Company’s business.
- Revenue from expansion to existing customers grew 55% from FY 2021 compared to FY 2022.
- Customer churn in FY 2022 amounted to 6%.

### Momentum leading into 2023

The Company’s leading indicators on pipeline growth and sales efficiency are showing positive development compared to FY 2022 in accordance with the Company’s strategy:

Key developments include:

- 84% growth in the Company’s new sales leads from FY 2021 to FY 2022
- The Company’s sales leads conversion rate increased from 14% in FY 2021 to 25% in FY 2022.

### US market disappointed for Digizuite in 2022, but looks promising in 2023

The US market has not delivered on the Company’s growth ambitions in FY 2022. Despite positive development in the Company’s lead generation, the Company’s conversion rate in US market has been below expectations. Several adjustment actions have been taken by the Company, and Digizuite expects that the Company’s results in the US market will improve in FY 2023 as a result of such adjustments.

Key results in the US market in FY 2022 include the following:

- 100% growth in new sales leads from FY 2021 to FY 2022

- Sales leads conversion rate decreased from 21% in FY 2021 to 11% in FY 2022, but above-mentioned adjustments have already shown improvements in the first quarter of 2023, as evidenced by a new customer win and several sales leads in the final stage.

### **Product investments is expected to lead Digizuite to cost reductions from the fourth quarter of 2023**

Significant product investments in 2022 have in the assessment of management improved Digizuite's competitiveness by among many other things introducing many new connectors and DAM and brand portal capabilities.

As announced in company announcement on 29 December 2022, Digizuite's focus in 2023 is on optimizing operational efficiency, reducing operation costs and thereby improving gross margins and overall capital efficiency. Accordingly, reduction in the Company's direct cloud costs is assumed to be reduced by 50-70%, corresponding to an estimated DKK 5 million annually cost reductions, when customer base is fully transitioned with the efficiencies implemented.

### **Adjusted strategy expected to bring Digizuite faster to EBITDA and cash positive**

Despite the positive achievements, the Company's strategy was adjusted to focus on achieving improvement of earnings (positive EBITDA) and future positive cash flow from the beginning of FY 2024, as also announced in company announcement no. 22 on 29 December 2022.

First step in the adjusted strategy was executed in January 2023 with cost reductions implemented from first and second quarter of 2023 and accelerated further with the above-mentioned cloud cost reductions from the fourth quarter of 2023.

### **Updates in financial guidance for 2023**

In the Company's announcement no. 22 dated 29 December 2022 the Company provided financial guidance for FY 2023, which is updated and supplemented by the below.

Digizuite's ARR guidance for FY 2023 has previously been announced at DKK 50-53 million, which remains unchanged.

As an update to the previously published financial guidance, the Company expects to improve its negative EBITDA in FY 2023 with a guidance between DKK -9 to -12 million.

The Company's EBITDA in 2023 is currently negative with DKK 1.1 million per month but the Company expects its EBITDA to be positive on a monthly basis from December 2023 (which is an update compared to guidance published on 29 December 2022, in which the EBITDA guidance was an expectation of neutral EBITDA on a monthly basis from end of FY 2023 or early 2024).

As an update to the previously published financial guidance, the Company expects to have a negative cash flow in FY 2023, at approximately the same level as the guided EBITDA, to ensure growth and a cash positive business from 2024 in accordance with the Company's adjusted strategy.

The Company's guidance for FY 2023 is subject to several assumptions, including, but not limited to, the assumptions set out above, including improvement of the Company's results in the US market, optimization of the Company's operational efficiency and reduction in cloud costs by 50-70%.

### **Annual report and annual general meeting**

Digizuite will publish its annual report for FY 2022 on Monday 17 April 2023 and the Company will hold its annual general meeting on Tuesday 2 May 2023.

### **Continued need for working capital**

As previously announced, the Board of Directors of Digizuite continues to pursue a capital increase before the end of the first quarter of 2023 as announced in company announcement 22 on 29 December 2022. The Company is seeking proceeds in the amount of DKK 11 million to DKK 15 million

The 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.

### **Disclosure regulation**

#### **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 believes 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
- Kim Wolters, CEO, +45 20 60 97 37, [kw@digizuite.com](mailto:kw@digizuite.com)
- Oliver Bottelet, CFO, +45 61 69 66 52, [ob@digizuite.com](mailto:ob@digizuite.com)
- Søren Skovbølling, Chairperson of the Board, +45 25 31 07 20, [ssk@digizuite.com](mailto: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

- [Download announcement as PDF.pdf](#)