

## Press Release

Regulated information – Inside information

12 February 2021, 8:00 AM

### **Zenitel reports increased profitability mainly driven by non-recurring OPEX savings caused by COVID-19**

Zenitel N.V. (EURONEXT Brussels: ZENT), a leading player in secure audio communication, today announced its results for the fiscal year ended 31 December 2020.

- Total revenue decreased to 73.0 million euro compared to 76.3 million euro in 2019. This represents a decline of 4.3 %.
- EBITDA amounted to 10.9 million euro, representing an increase of 4.4 million euro compared to 2019, to a large extent due to non-recurring net cost savings caused by COVID-19. Pre-IFRS-16 EBITDA<sup>∞</sup> amounts to 9.3 million euro in 2020 compared to 4.7 million euro in 2019.
- EBIT amounted to 8.6 million euro, compared to 3.9 million euro in 2019.
- Net profit from operations was 7.1 million euro, compared to 3.0 million euro in 2019.
- Financial cash position of 26.2 million euro at the end of 2020, compared to 21.3 million euro in 2019.
- 2020 was an exceptional year due COVID-19, causing non-recurring operating costs savings and postponed CAPEX investments which resulted in an exceptionally high EBITDA and cash flow generation.
- COVID-19 may negatively impact the business in all end-markets across all regions in 2021.

Koen Claerbout, CEO of Zenitel, commented:

“2020 was a very challenging and exceptional year due to the unprecedented market conditions and working circumstances caused by COVID-19. At Zenitel we were able to limit the impact on the revenue thanks to the relentless efforts of our employees and customers. At the same time, we realized non-recurring savings in operational expenses due to COVID-19 related limitations for business travel and trade shows. On top of the COVID-19 related cost savings, an increased organizational performance and cost effectiveness has been implemented, including the integration of Phontech being fully realized.

During 2020 we continued to invest in new product development and business development. Certain CAPEX investments were however postponed due to COVID-19 and Zenitel will need to catch up on these investments in 2021. In 2021 we will as well further develop our business and strengthen our market position in intelligent critical communication through innovation, commercial and operational excellence.”

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## Consolidated key figures:

<b>CONSOLIDATED KEY FIGURES</b>					
(thousands of euro)	2020	2019	2018	2017	2016
<b>FROM CONSOLIDATED STATEMENT OF PROFIT OR LOSS</b>					
Revenue	72 955	76 257	61 831	59 915	63 473
Profit before tax	8 319	3 765	3 383	3 068	2 617
Profit of the year	7 108	3 022	2 653	2 265	2 561
<b>FROM STATEMENT OF FINANCIAL POSITION</b>					
Total assets	61 199	59 114	50 138	44 763	47 494
Shareholders' equity	37 908	32 578	29 327	26 730	26 718
Working capital	9 759	7 781	5 967	2 474	1 535
Total financial debt <sup>(2)</sup>	5 331	5 612	2 120	1 606	2 511
Total provisions <sup>(3)</sup>	4 246	4 807	4 789	5 514	5 215
Cash and cash equivalents	26 164	21 331	20 371	18 950	19 249
<b>ALTERNATIVE PERFORMANCE MEASURES</b>					
EBITDA <sup>(1) (*)</sup>	10 872	6 509	4 240	5 223	4 313
Operating profit (EBIT)	8 630	3 923	3 164	3 557	2 483
Net result continuing operations	7 108	3 022	2 653	2 265	2 561
<b>RATIOS</b>					
Shareholder's equity ratio	61,9%	55,1%	58,5%	59,7%	56,3%
Net debt <sup>(4)</sup> / EBITDA <sup>(*)</sup>	-1,9	-2,4	-4,3	-3,3	-3,9
Net debt <sup>(4)</sup> and provisions <sup>(3)</sup> / EBITDA <sup>(*)</sup>	-1,5	-1,7	-3,2	-2,3	-2,7
Weighted average number of shares (in thousands)	3 311	3 308	3 311	3 305	3 306
Shareholder's equity/share (EUR)	11,45	9,85	8,86	8,09	8,08
Earnings/share (EUR)	2,15	0,91	0,80	0,69	0,77
ROCE <sup>(5)</sup>	51,9%	24,8%	30,5%	43,0%	30,9%
<b>OTHER KEY FIGURES</b>					
FTE <sup>(**)</sup>	302	303	300	264	266
<p><sup>(1)</sup> EBITDA: earnings before interest &amp; taxes, depreciation and amortization</p> <p><sup>(2)</sup> Total financial debt: long term and short term interest bearing loans and borrowings</p> <p><sup>(3)</sup> Total provisions: Retirement benefit obligations plus provisions (both current and non current)</p> <p><sup>(4)</sup> Net debt: Total debt minus cash and cash equivalents</p> <p><sup>(5)</sup> ROCE: EBIT / (tangible assets + intangible assets + working capital)</p> <p><sup>(*)</sup> As of 2019 impairment on current assets are included in raw materials and consumables used which has an impact on EBITDA</p> <p><sup>(**)</sup> The reported Group FTE's include both employees and contractors</p>					

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### Discussion of the consolidated key figures:

**Revenue** in 2020 was 73.0 million euro compared to 76.3 million euro in 2019. The revenue decrease is related to COVID-19 market impact.

**EBITDA** in 2020 ended at 10.9 million euro, 4.4 million euro higher than last year due to lower operating expenses: (i) exceptional decrease in marketing and business travel costs caused by COVID -19 and (ii) organizational improvement including the positive impact of the finalization of the integration of Phontech.

**The operating profit (EBIT)** increased to the level of 8.6 million euro, compared to 3.9 million euro in 2019. This is also mainly due to exceptionally lower operational expenses and underinvestment in CAPEX (COVID-19 impact).

The **net financial expenses** amounted to 0.3 million euro compared to 0.2 million euro net financial cost in 2019.

The total consolidated **net result** from continuing operations for Zenitel shows a profit of 7.1 million euro compared to 3.0 million euro in 2019.

**Earnings per share** amounted to 2.15 euro in 2020 against EUR 0.91 in 2019.

**Total provisions** amounted to 4.2 million euro or a decrease by 0.6 million euro compared to 2019.

At the end of 2020 **total assets** amounted to 61.2 million euro against 59.1 million euro at year end 2019.

**Shareholders' equity** increased from 32.6 million euro in 2019 to 37.9 million euro which is mainly as a result of the profit of the year. Equity ratio was 61.9% in 2020 compared to 55.1% in 2019.

Net **cash flow** of Zenitel amounted to 5.8 million euro in 2020 compared to 0.8 million euro in 2019. The outflow from investment activities amounted to 0.8 million euro in 2020, compared to 1.0 million euro in 2019, and the cash flow generated from operations before changes in working capital amounted to 12.5 million euro in 2020 compared to 8.1 million euro last year. At the end of 2020, cash and cash equivalents amounted to 26.2 million euro.

### Appendices to this press release:

The following detailed information is included in the annexes to this press release:

- Annex 1: Consolidated statement of profit or loss of Zenitel for the year ended 31 December 2020
- Annex 2: Consolidated statement of profit or loss and other comprehensive income of Zenitel for the year ended 31 December 2020
- Annex 3: Consolidated statement of financial position of Zenitel as at 31 December 2020
- Annex 4: Consolidated statement of changes in equity of Zenitel for the year ended 31 December 2020
- Annex 5: Consolidated statement of cash flows of Zenitel for the year ended 31 December 2020

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### Outlook 2021:

Despite the unpredictable outlook and difficult circumstances, Zenitel will accelerate investing in the development of its business and organization. Setting up new sales channels as well as increasing resources is our approach to increase our market share in our core markets. Under these assumptions management expects in 2021 a turnover of 75.5 million euro, an EBITDA 7.7 million euro and a pre-IFRS-16 EBITDA<sup>∞</sup> of 6.2 million euro.

COVID-19 will during the first half of 2021 and probably longer have an important impact on our business. The impact of COVID-19 results in high uncertainty in our markets and therefore we may be unable to realize our growth ambitions in the short to medium term.

### Declaration of the auditor:

The statutory auditor of Zenitel NV, EY Bedrijfsrevisoren BV, represented by Marnix Van Dooren, has confirmed that the audit work, which is substantially complete, has not revealed any significant matters requiring adjustments of the 2020 consolidated financial information included in this press release.

### Financial Calendar:

19/03/2021	Publication Annual Report (8:00 AM)
28/04/2021	Annual General Shareholders' Meeting (11:00 AM)
12/08/2021	Press Release Half-Year Results 2021 (8:00 AM)

<sup>∞</sup> Pre-IFRS-16 EBITDA: earnings before interest & taxes, depreciation and amortization and IFRS-16 accounting entries

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### Disclaimer:

This press release may contain forward-looking statements. Such statements reflect the current views of Management and the Board of Directors regarding future events and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Zenitel is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release in light of new information, future events or otherwise. Zenitel disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by Zenitel.

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Zenitel has firmly established itself at the intersection of two domains - communication on the one hand, security and safety on the other. As a leading player in instant audio communication, Zenitel is the preferred choice in situations that involve the protection of human lives, or the management of critical activities. Zenitel is committed to the success and future objectives of its business that develops and distributes fully integrated communication platforms including Intercom, Public Address and two-way Radio Systems.

Zenitel has a strong presence in both the onshore and offshore secure communications market through its global brands, Zenitel, Vingtor-Stentofon and Phontech. These brands are recognized globally for offering advanced offshore and onshore communication systems. Zenitel provides integrated security communications for environments where life, property and assets are at stake. Systems interface with other security devices including CCTV, access control and alarm for a comprehensive security solution. The key markets include Building Security & Public Safety, Transportation, Industrial, Energy and Maritime.

Zenitel is a listed company (Euronext). The statutory headquarter of Zenitel is in Zellik (Brussels).

(\* ) Representing a BV

For more information: [www.zenitel.com](http://www.zenitel.com)

The enclosed information constitutes regulated information as defined in the Royal Decree of 14 November 2007 regarding the duties of issuers of financial instruments, which have been admitted for trading on a regulated market.

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## Annex 1: Consolidated statement of profit or loss of Zenitel for the year ended 31 December 2020

(thousands of euro)	Year ended 31 December	
	2020	2019
<b>Continuing operations</b>		
Revenue	72 955	76 257
Raw materials and consumables used(*)	-31 805	-35 160
Employee benefits expenses	-24 534	-27 516
Depreciation and amortization expenses	-2 242	-2 586
Consulting expenses	-1 911	-1 809
Facility expenses	-2 424	-2 894
Other expenses	-1 409	-2 369
Total operating expenses	-64 325	-72 333
<b>Operating Profit / (Loss)</b>	<b>8 630</b>	<b>3 924</b>
Finance income	103	145
Finance costs	-521	-443
Net foreign exchange gains / (losses)	107	140
<b>Profit before tax</b>	<b>8 319</b>	<b>3 765</b>
Income tax income/ (expenses)	-1 211	-743
<b>Profit for the year</b>	<b>7 108</b>	<b>3 022</b>
<b>Earnings per share</b>		
Weighted average number of ordinary shares in issue ('000)	3 311	3 308
<b>From continuing operations</b>		
Basic earnings per share	2,15	0,91
Diluted earnings per share	2,15	0,91

(\*) As of 2019 impairment on current assets are included in raw materials and consumables used.

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## Annex 2: Consolidated statement of profit or loss and other comprehensive income of Zenitel for the year ended 31 December 2020

(thousands of euro)	Year ended 31 December	
	2020	2019
<b>Profit for the year</b>	<b>7 108</b>	<b>3 022</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations *	-1 779	309
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
OCI actuarial gains & losses	-36	-43
<b>Other comprehensive income for the period (net of income tax)</b>	<b>-1 815</b>	<b>266</b>
<b>Total comprehensive income for the period</b>	<b>5 293</b>	<b>3 288</b>
Attributable to:		
Owners of the Company	5 293	3 288
Non-controlling interests	-	-

(\* In 2020 and 2019, the positive/negative exchange differences in the other comprehensive income line were mainly booked on foreign operations held in Norwegian Krone, US Dollar and Singaporean Dollar.

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## Annex 3: Consolidated statement of financial position of Zenitel as at 31 December 2020

(thousands of euro)	Year ended 31 December	
	2020	2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3 624	4 593
Goodwill	3 075	3 272
Other intangible assets	162	195
Deferred tax assets	1 207	1 173
Financial assets	225	240
<b>Total non-current assets</b>	<b>8 294</b>	<b>9 474</b>
<b>Current assets</b>		
Inventories	13 459	12 648
Contracts in progress	0	0
Trade and other receivables	11 899	14 374
Deferred charges and accrued income	1 383	1 287
Cash and cash equivalents	26 164	21 331
<b>Total current assets</b>	<b>52 905</b>	<b>49 640</b>
<b>TOTAL ASSETS</b>	<b>61 199</b>	<b>59 114</b>



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(thousands of euro)	Year ended 31 December	
	2020	2019
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Capital	20 000	20 000
Share premium account	5 340	5 340
Reserves	-2 121	-342
Retained earnings	14 689	7 617
Treasury shares		-37
<i>Equity attributable to owners of the Company</i>	<u>37 908</u>	<u>32 578</u>
<b>Total equity</b>	<b>37 908</b>	<b>32 578</b>
<b>Non-current liabilities</b>		
Borrowings and lease liabilities	1 153	1 934
Retirement benefit obligations	480	418
Deferred tax liabilities	18	0
Provisions	480	0
<b>Total non-current liabilities</b>	<b>2 131</b>	<b>2 352</b>
<b>Current liabilities</b>		
Trade and other payables	12 454	15 091
Borrowings and lease liabilities	4 178	3 678
Current tax liabilities	1 242	1 026
Provisions	3 286	4 389
<b>Total current liabilities</b>	<b>21 160</b>	<b>24 184</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>61 199</b>	<b>59 114</b>

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## Annex 4: Consolidated statement of changes in equity of Zenitel for the year ended 31 December 2020

(thousands of euro)	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Retained Earnings	Attributable to owners of the parent	Total
<b>Balance at 1 January 2019</b>	<b>20 000</b>	<b>5 340</b>		<b>-651</b>	<b>4 638</b>	<b>29 327</b>	<b>29 327</b>
Profit for the year					3 022	3 022	3 022
OCI actuarial gains & losses					-43	-43	-43
Other comprehensive income for the year, net of income tax				309		309	309
<i>Total comprehensive income for the year</i>				309	2 979	3 288	3 288
(Acquisition)/sale of treasury shares			-37			-37	-37
<b>Balance at 31 December 2019</b>	<b>20 000</b>	<b>5 340</b>	<b>-37</b>	<b>-342</b>	<b>7 617</b>	<b>32 578</b>	<b>32 578</b>
<b>Balance at 1 January 2020</b>	<b>20 000</b>	<b>5 340</b>	<b>-37</b>	<b>-342</b>	<b>7 617</b>	<b>32 578</b>	<b>32 578</b>
Profit for the year					7 108	7 108	7 108
OCI actuarial gains & losses					-36	-36	-36
Other comprehensive income for the year, net of income tax				-1 779		-1 779	-1 779
<i>Total comprehensive income for the year</i>				-1 779	7 072	5 293	5 293
(Acquisition)/sale of treasury shares			37			37	37
<b>Balance at 31 December 2020</b>	<b>20 000</b>	<b>5 340</b>	<b>0</b>	<b>-2 121</b>	<b>14 689</b>	<b>37 908</b>	<b>37 908</b>

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## Annex 5: Consolidated statement of cash flows of Zenitel for the year ended 31 December 2020

(thousands of euro)	Year ended 31 December	
	2020	2019
<b>Cash flows from operating activities</b>		
<b>Net profit / (Loss) for the year</b>	7 108	3 022
Income tax expense recognized in profit or loss	1 211	743
Finance cost recognized in profit or loss	521	443
Finance income recognized in profit or loss	-103	-145
Impairment on trade receivables	458	84
Impairment on inventory	1 116	1401
Depreciation and amortization of non-current assets(*)	2 242	2 586
<b>Cash generated from operating activities before changes in working capital</b>	<b>12 553</b>	<b>8 134</b>
Changes in working capital	-3 724	-4 255
Interest paid	-379	-291
Income taxes paid	-1 050	-54
<b>Net cash generated from operating activities</b>	<b>7 400</b>	<b>3 535</b>
<b>Cash flows from investing activities</b>		
Interest received	3	18
Proceeds received from minority interest	83	121
Payments for property, plant and equipment	-802	-1 036
Proceeds from disposal of intangible assets	5	2
Payments for intangible assets	-99	-120
<b>Net cash (used in) / generated by investing activities</b>	<b>-809</b>	<b>-1 015</b>
<b>Cash flows from financing activities</b>		
(Acquisition)/Sale of treasury shares	37	-37
Movement in used factoring facility	750	212
Repayment of borrowings and lease liabilities	-1 624	-1 870
<b>Net cash received / (used) in financing activities</b>	<b>-837</b>	<b>-1 695</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>5 752</b>	<b>823</b>
<b>Movement in cash and cash equivalents</b>		
At start of the year	21 331	20 371
Increase / (decrease)	5 752	823
Effect of exchange rate changes of cash held in foreign currencies	-919	137
<b>At the end of the year</b>	<b>26 164</b>	<b>21 331</b>
Total Cash and cash equivalents	26 164	21 331
<b>Net cash and cash equivalents at the end of the year</b>	<b>26 164</b>	<b>21 331</b>