

PRESS RELEASE

INCREASED SAAS REVENUES, ORGANIC GROWTH, AND IMPROVED EARNINGS BEFORE IMPLEMENTATION OF COST PROGRAM

First quarter - January – March 2020

- Net sales increased by 13 % to SEK 105.6 (130.9) million
- SaaS-revenues (recurring) increased by 25% to SEK 39.5 (31.6) million
- ARR (Annual recurring revenue) increased by 16 % to SEK 158.8 (136.6) million
- EBITDA amounted to SEK -6.2 (8.1) million
- Non-recurring costs have affected operating profit with SEK 17.1 (-) million.
- Operating profit amounted to SEK -15.5 (1.9) million
- Earnings per share before and after dilution amounted to -0.56 (-0.04).

Significant events during the quarter

- ZetaDisplay updated its organization to increase scalability and international growth. The Group went from geographical to a function-based international organization effective from March.
- ZetaDisplay's Norwegian subsidiary signed orders to equip two more expedition ships from Norwegian Hurtigruten with Digital Signage solutions.
- ZetaDisplay signed new order within the existing supply agreement with Finnish gaming company Veikkaus.
- In order to proactively mitigate the impact of the COVID-19 pandemic, the Group launched a cost program with the goal of saving more than SEK 20 million over the next twelve months. Non-recurring items have affected operating profit of SEK 17.1 million, of which SEK 0.6 million relates to write-downs of capitalized expenses.

Significant events after the quarter

- No significant events

Comments from CEO

SaaS-revenues increased by 25% compared to the same period last year. Annual recurring revenue (ARR) amounted to SEK 159 million, in line with the previous quarter and an increase of 16% compared to the previous year. Non-recurring costs of SEK 17.1 million have affected the operating profit for the quarter, where the majority refers to the previously announced cost program. Initiated program is expected to have an annual effect of SEK 20 million. Adjusted for non-recurring costs, EBITDA amounted to SEK 10.3 (8.1) million, corresponding to an improvement of 27%. By taking a number of activities in the Group, the effects of the COVID-19 pandemic are limited.

Net sales for the quarter amounted to SEK 105,6 million, an increase of 13.1% compared to the same period last year. Organic growth amounted to 2.2% and 8.7% in SaaS-revenues. The increase is mainly attributable to segment Netherlands and ongoing roll-out of international projects. The share of SaaS-revenues has increased, which strengthens the gross margin. Gross profit increased by SEK 8.2 million to SEK 57.1 (48.9) million, corresponding to 54.1 (52.4)%.

PRESS RELEASE

EBITDA for the period amounted to SEK -6.2 (8.1) million, is affected by non-recurring costs amounting to SEK 16.5 million. The majority refers to the previously announced cost program, which will have an effect already in the next quarter. Initiated cost program is expected to have an annual effect of SEK 20 million.

In line with expectations

The quarter has developed in line with our expectations with a limited impact of the COVID-19 pandemic. Despite challenges in the world, we have had a business that has been fully operational during the quarter. We have delivered our customer commitments and been able to support our customers in their digital transformation and created business value. Our digital work platform makes it possible to collaborate and manage customers independent office or workplace.

In Norway, we received two more orders from the shipping company Hurtigruten and in Finland an order was signed within the existing supply agreement with a subsidiary of the Finnish gaming group Veikkaus. The integration of the Dutch acquisition Gaudi is developing according to plan and this summer the company will change its name to ZetaDisplay.

Our business is largely based on repetitive SaaS-revenues, which are generally paid quarterly in advance. Although SaaS-revenues provide a solid base for our business, we see that the uncertainty that exists in the world may affect us in the coming quarters. We may have increased customer losses, project delays or short-term reduction of SaaS-revenues for the few customers who have temporarily shut down their business. The recovery in our countries and the sectors in which our customers operate may occur at different speed.

Group management has early both analysed and acted to mitigate the impact of COVID-19 on our business. We have divided our action plan into a short-term focus on liquidity and costs, while we continue to work on strategic priorities in the long term. We follow our customers' development closely and adapt our activities continuously.

In addition to the high proportion of repetitive revenues, our long-term financing is secured after having issued a bond of SEK 300 million during the autumn 2019. All in all, we can continue to invest in developing our offering, solutions, and strategic initiatives.

We have taken important steps to grow together as an organization by gradually moving from a country- to a function-based organization. We utilize scalability and meet the market's needs for international projects, complex deliveries, advanced product concepts and innovative software solutions

Outlook

We are an important part of our customers' digital transformation. Our assessment is that Digital Signage will remain important for our customers, but the current market situation creates uncertainty about the timing of customers' investments.

We have an attractive customer list and maintain the clear strategy that creates long-term competitive advantages with a focus on growth, develops our product and service offering, customer satisfaction, scalability, harmonisation, and internationalization. This provides us with good preconditions to develop ZetaDisplay further.

This information is such information that ZetaDisplay AB (publ) is required to disclose under the EU market abuse regulation. The information was provided, by Per Mandorf, for publication on 23 April 2020 at 08:00 am.

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Per Mandorf

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About ZetaDisplay

ZetaDisplay acts at the heart of digital transformations in physical environments. We contribute to nudging peoples' behaviour at the point-of-decision in retail environments, public spaces and workplace environments. Our solutions are known as Digital Signage that we develop and offer as SaaS-solutions. We are a European leader and intend to drive the further consolidation of the market organically and through acquisitions.

ZetaDisplay has its head office in Malmö. The company generates revenues of MSEK 436 and employs 160 staff at nine offices in six European countries. In total, the company handles 50,000 installations on 50 markets. The share is listed on Nasdaq Stockholm [ZETA].

More information at www.zetadisplay.com