



1 JANUARY – 31 DECEMBER 2023

Year End Report

ZETADISPLAY AB (PUBL)



Continued SaaS growth in the fourth quarter

OCTOBER – DECEMBER 2023

- SaaS revenues increased by 12.7% to SEK 55.1 (48.9) million
- Net sales slightly increased to SEK 161.4 (160.6) million
- Gross margin increased to 50.8% (44.5%)
- Adjusted EBITDA was SEK 31.8 (9.8) million
- Operating loss was SEK -83.9 (-6.6) million

JANUARY – DECEMBER 2023

- SaaS revenues increased by 11.9% to SEK 214.1 (191.4) million
- Net sales decreased year on year, SEK 521.3 (527.7) million
- Gross margin improved to 58.0% (53.9%)
- Adjusted EBITDA was higher than the prior year at SEK 74.6 (60.2) million
- Operating loss was SEK -106.4 (-4.6) million

SIGNIFICANT EVENTS DURING THE QUARTER

- On 23 October 2023, the Group announced that Anders Olin was appointed as CEO & President of ZetaDisplay. A handover was completed with the former CEO, Per Mandorf, who left the business on 31 December 2023.
- On 13 November 2023, ZetaDisplay announced that it had entered into a multi-year framework agreement with Axfood, initially for the development and establishment of a new digital signage solutions concept for leading Swedish grocery retail chain Hemköp covering 220 stores.

SIGNIFICANT EVENTS AFTER THE QUARTER

- On 22 February 2024, the Group announced that Claes Pedersen was appointed as CFO of ZetaDisplay. The interim CFO, Jog Dhody, will remain with ZetaDisplay throughout Q1 2024 to handover.



FINANCIAL INDICATORS

(TSEK)	OCT-DEC 2023	Restated OCT-DEC * 2022	JAN-DEC 2023	Restated JAN-DEC * 2022
Net sales	161,357	160,558	521,271	527,672
SaaS-revenues (recurring)	55,096	48,893	214,098	191,419
Gross margin (%)	50.8	44.5	58.0	53.9
Reported EBITDA	2,203	2,903	11,933	33,957
Hanover costs	15,015	6,200	35,622	22,118
Other non-recurring items (including reorganization costs)	14,614	658	27,030	4,100
Adjusted EBITDA	31,832	9,761	74,585	60,175
Adjusted EBITDA margin (%)	19.7	6.1	14.3	11.4
Operating profit/loss	(83,913)	(6,580)	(106,433)	(4,635)
Operating margin (%)	(52.0)	(4.1)	(20.4)	(0.9)
Profit/loss for the period	(99,650)	(5,248)	(153,204)	(19,674)
Equity ratio (%)	18.6	33.3	18.6	33.3

* 2022 quarterly and annual data presented has been restated as detailed in the Financial Overview on page 5. As for previous quarters, the financial Adjusted EBITDA for 2022 reporting periods has been changed to that reported in previous reports to include the add-back of Hanover costs to compare performance on a consistent basis with 2023 reported figures.



CEO comment

CONTINUED SAAS GROWTH IN THE FOURTH QUARTER

Net sales for the quarter amounted to SEK 161.4 (160.6) million. SaaS revenues were SEK 55.1 (48.9) million and represented 34.1% (30.5%) of net sales. Reported EBITDA was SEK 2.2 (2.9) million. Adjusted for Hanover costs and non-recurring items, EBITDA amounted to SEK 31.8 (9.8) million.

Our fourth quarter was characterized by a stable, continued growth in SaaS revenues and increased gross margins. Simultaneously we have experienced challenges to our NRR (non-recurring revenue) business due to reduced overall customer hardware investments and some delayed projects. At the same time, we see continued healthy and growing activity from our international customer base, with several new project initiatives connected to our increasing investments in our in-house software platform aimed at further scaling our international services and product range.

During the quarter we have also initiated several key integration activities of the recently acquired PeakMedia Digital Signage GmbH in Austria. The integration is progressing well with multiple cross-country growth activities started in addition to wider group alignment. Simultaneously we've continued to develop our country markets and group structure for growth transformation across ZetaDisplay, as well as executed key changes in the leadership team and group organization blueprint. Changes include new CEO, new and recent country heads for key markets Germany, and The Netherlands including the US market, and the formation of a new Global Accounts team to support and accelerate growth in our international enterprise customer portfolio.

OUTLOOK

Our long-term plan and investment initiatives for growth continue by advancing our in-house

software platform and migrating acquired customers' 3rd party software, resulting in a positive outlook especially in our SaaS business area. In addition, we expect recent acquisitions and existing M&A activities to yield additional growth in the medium term. We see some uncertainty in the short-term market conditions as well as intermittent delays in some customer projects, especially related to the NRR area. As before, we continue to actively monitor market development and to manage costs whilst prioritizing key investments for long-term growth and customer focus.

I would like to thank all our co-workers for their tireless commitment to our customers and thank our customers for their continued trust.

UPCOMING REPORTING SESSIONS

ZetaDisplay AB (publ) annual financial statements will be published on ir.zetadisplay.com during the last week of April. The interim report January – March will be published on ir.zetadisplay.com in May 2024.



Anders Olin
President and CEO



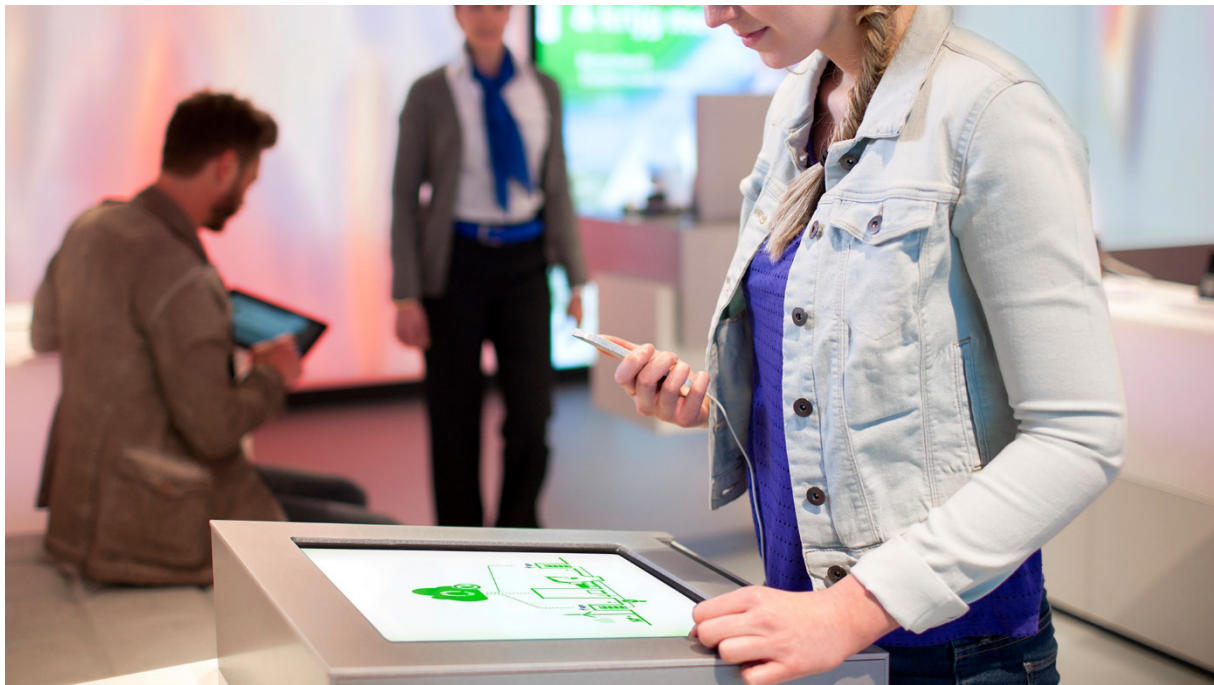
The market

Digital Signage is a software steered interface for communication with consumers within a retail environment or with employees in larger organizations as well as communication in public spaces. Digital communication is now an integral part of the new communications concept that retailers and other companies are developing for the future. This creates an interesting and expansive market for ZetaDisplay, which delivers a total concept containing concept development, communication strategy, analysis, software development, hardware expertise, installation and technical support and services.

Today, the Group has operations in seven European countries and in the United States. ZetaDisplay continuously evaluates new forms of alliances with companies and organizations within Digital Signage to be able to grow the market together.

Sales of service solutions are increasing as an important part of the business after the initial installation and produce steady SaaS-revenues. The maturity level among our customers is rising, and ZetaDisplay is receiving enquiries from existing customers who intend to take the next step and develop and broaden their investment in this channel.

To meet current and future customer demands, ZetaDisplay needs to continuously enhance its processes, systems and product solutions. A large portion of the investments goes into increased technical functionality and harmonized platforms, to enable us to exploit economies of scale within the organization. This is also a way of creating a secure and future-proof solution for our customers.





Financial overview

BASIS OF PREPARATION

The figures presented in this report are unaudited. The statutory audit of the group and its material subsidiaries for the year ended 31 December 2023 is currently ongoing.

Profit and loss and cash flow items are compared with the corresponding period of last year. Balance sheet items refer to the position at the end of the period and are compared with the corresponding date last year.

Note that Adjusted EBITDA for 2022 reporting periods has been changed to that reported in previous reports to include the add-back of Hanover costs to compare performance on a consistent basis with 2023 reported figures.

PRIOR YEAR ADJUSTMENT

A prior year adjustment ("PYA") has been recognised in respect of the profit and loss result presented in the Q4 2022 report and the audited financial statements for the year ended 31 December 2022, published on 30 April 2023. The PYA relates to accounting errors identified in respect of stock and debtor recovery values during the 2023 year-end close that related to the previous year in respect of subsidiaries that were not subject to a full-scope audit in 2022.

The effect of the PYA is to increase the loss before tax reported in the Q4 2022 report of SEK - 9.0 million to SEK -20.6 million; an adjustment of SEK -11.7 million. The 2023 year-end close also identified SEK -7.9 million in respect of the application of consistent accounting policies that related to the 2023 financial year and are included in the current year loss before tax of SEK - 153.2 million.

(TSEK)	AS REPORTED 2022-12-31	ADJUSTMENTS	RESTATED 2022-12-31
Total Revenue	553,500	(6,828)	546,672
<i>Operating expenses</i>			
Goods for resale	(237,780)	(5,339)	(243,119)
Other external expenses	(97,395)	342	(97,053)
Personnel expenses	(172,543)	0	(172,543)
Depreciations and write-downs	(38,592)	0	(38,592)
Operating profit/loss	7,190	(11,825)	(4,635)
Financial income	9,685	138	9,823
Financial expenses	(25,830)	0	(25,830)
Loss after financial items	(8,955)	(11,687)	(20,642)
Tax	2,081	(1,113)	968
Loss for the period	(6,874)	(12,800)	(19,674)



(TSEK)	AS REPORTED 2022-12-31	ADJUSTMENTS	RESTATED 2022-12-31
ASSETS			
Total non-current assets	593,380	0	593,380
Inventories	12,940	(5,254)	7,686
Current receivables	156,642	(4,534)	152,108
Cash and cash equivalents	59,225	0	59,225
Total current assets	228,807	(9,788)	219,019
TOTAL ASSETS	822,187	(9,788)	812,399
EQUITY AND LIABILITIES			
Equity attributable to shareholders in the parent company	283,199	(12,800)	270,399
Total equity	283,199	(12,800)	270,399
Non-current liabilities	27,370	0	27,370
Current liabilities	511,618	3,012	514,630
Total Liabilities	538,988	3,012	542,000
TOTAL EQUITY AND LIABILITIES	822,187	(9,788)	812,399



FOURTH QUARTER OCTOBER – DECEMBER 2023

Net sales

Net sales for the quarter were slightly above prior year at SEK 161.4 (160.6) million. SaaS revenues increased by 12.7% to SEK 55.1 (48.9) million, offsetting the reduction in implementation projects, consisting of hardware and installation. Of total net sales, 34.1% (30.5%) was SaaS revenue.

Gross profit

Gross profit amounted to SEK 82.0 (71.4) million, with gross margin increasing to 50.8% (44.5%).

Operating expenses

The cost of goods sold consists mainly of hardware and installations and amounted to SEK -79.4 (-89.2) million.

Other external costs amounted to SEK -35.5 (-26.0) million of which SEK 24.0 (6.9) million related to items of a one-off nature and personnel costs were SEK -56.9 (-46.6) million, of which SEK 5.6 (0.0) million was non-recurring.

Non-recurring items have increased during the quarter following the conclusion of the staff rationalisation programme and relating exit payments, acquisition costs associated with PeakMedia and other transformation costs associated with delivering efficiency improvements across the Group's operations to meet its longer-term strategic objectives.

Depreciation and write-downs amounted to SEK -86.1 (-9.5) million of which -68.9 million relates to impairment of goodwill.

EBITDA

Adjusted EBITDA, stated before non-recurring items and Hanover costs, was SEK 31.8 (9.8) million, generating 19.7% (6.1%) Adjusted EBITDA margin.

Reported EBITDA amounted to SEK 2.2 (2.9) million, corresponding to an EBITDA margin of 1.4% (1.8%).

Operating profit

Operating loss stated before non-recurring items and Hanover costs, was SEK -54.3 (0.3) million, delivering an operating margin of -33.6% (0.2%).

Operating loss amounted to SEK -83.9 (-6.6) million and an operating margin of -52.0% (-4.1%).

Financial items

The financial items amounted to SEK -16.1 (-2.4) million. External interest expense related to the bond loan was SEK -10.8 (-5.1) million due to an increase in interest rates.

Tax

Tax credit for the quarter was SEK 0.4 (3.7) million. The Group considers that tax losses are not expected to be used in the near future and therefore no deferred tax asset has been recognized for these losses.

Profit and loss for the quarter after tax

Loss for the quarter after tax amounted to SEK -99.7 (-5.2) million.

Cash flow

During the quarter, the Group generated cash flow from operating activities of SEK -1.5 (24.2) million. Cash flow from investment activities amounted to SEK -12.8 (-5.8) million. Cash flow from financing activities amounted to SEK 16.6 (-1.4) million. Total cash flow during the quarter amounted to SEK 2.4 (17.1) million.

Financial position

The equity ratio at the end of the period was 18.6% (33.3%). The Group had a total of SEK 51.2 (59.2) million in cash and cash equivalents as of 31 December 2023. Net debt at the end of the period amounted to SEK 321.0 (260.1) million.



Segment

ZetaDisplay reports in segments. The segments consist of Nordics (including Sweden, Norway, Finland and Denmark) and Europe (including the Netherlands, Germany

and Austria) and the Group-wide segment. For financial information per segment and for the period see Note 3.

Parent company

The operations of the Parent Company ZetaDisplay AB are reported in the Nordic segment. The Company also provides a number of group-wide support functions for other segments including software development, coordination of sales, purchasing, delivery, service and support, as well as finance and other back-office functions.

The Parent Company's net sales amounted to SEK 66.1 (69.5) million, for the fourth quarter.

Operating loss was SEK -2.8 (profit 25.4) million and loss after tax was SEK -55.1 (profit 23.2) million.

Cash and cash equivalents on 31 December 2023 totalled SEK 12.3 (43.4) million.

Other information

NUMBER OF EMPLOYEES

The average number of full-time employees was 218 in the last 3-month period, compared to 200 in the corresponding period last year.

TRANSACTIONS WITH RELATED PARTIES

During the quarter, the Group incurred transactions with entities affiliated with Hanover Investors Management LLP (together "Hanover"). Hanover Investors Management LLP is the advisor to the investment manager of the funds which ultimately own the share capital of ZetaDisplay AB.

Transactions with Hanover during the quarter were SEK 15.0 (6.2) million of which SEK 6.5 (nil) million was outstanding at the period end, and unfunded. Since the bond refinancing in February 2023, Hanover costs are borne by the Hanover Active Equity Fund II ("the Fund") (the ultimate beneficial owner) and the Fund has advanced SEK 39.4 million in the period to 31 December 2023.

Services provided were in respect of:

- Provision of strategic advice;
- Director services;
- Upgrading support functions including finance, tax, HR and legal; and
- Implementing best practice in sales and procurement.

There were no other significant transactions with related parties.

THE STOCK AND SHAREHOLDERS

Following the compulsory redemption of shares, Hanover Active Equity Fund II S.C.A SICAV – RAIF is the sole shareholder of the ordinary shares in ZetaDisplay.



SIGNIFICANT RISKS AND UNCERTAINTIES

Through its operations, the Group is exposed to various financial risks such as market risk (consisting of currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management means striving for minimal adverse effects on results and position. The Group's business risks and risk management as well as financial risks are described in detail in the annual report for 2022, pages 30-32.

A key risk to the Group's future cash flows is the impact of an increase in interest rates on the listed bond due to the loan's value and future term. The bond has a variable interest rate based on 3 months STIBOR and the market rate may be subject to significant fluctuations. To mitigate this risk, the Group

has an interest rate swap in place to hedge 50% of the risk of interest rate fluctuation on the listed bond.

The change in sales composition to a greater proportion of recurring revenue will provide some protection against economic weakness in the markets the Group operates within.

FINANCIAL OBJECTIVES

The most important lever in our business model is the share of SaaS revenue from total sales and our ability to increase revenue over the lifetime of a project with a customer. The Group's success is based on an efficient and scalable delivery and service platform.

Malmö, 29 February 2024

Anders Olin

President and CEO

This report has not been reviewed by the Company's auditor.

FOR FURTHER INFORMATION PLEASE CONTACT

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About ZetaDisplay

ZetaDisplay is a market leader in the Nordic region and one of the market leaders in the rest of Europe and we drive the digital transformation in physical environments on a daily basis. Our solutions, concepts and software digitize, influence and inform people's behavior at the time of decision-making in stores, in public environments and in workplaces. Our solutions are known as Digital Signage which we develop and offer as SaaS solutions. We are a global leader that actively influences the development of the international

Digital Signage market organically, through innovation and through acquisitions.

ZetaDisplay is based in Malmö, has a turnover of over SEK 500 million and employs over 200 employees in twelve offices in seven European countries and the United States. In total, the Company manages over 94,000 installations in more than 50 markets. ZetaDisplay is owned by the British investment company Hanover Investors.

More information at www.ir.zetadisplay.com and www.hanoverinvestors.com





Financial reports

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME – SUMMARY

(TSEK)	3 MONTHS OCT-DEC 2023	Restated 3 MONTHS OCT-DEC 2022	12 MONTHS JAN-DEC 2023	Restated 12 MONTHS JAN-DEC 2022
Net sales	161,357	160,558	521,271	527,672
Capitalized work on own account	11,339	4,168	22,335	16,329
Other revenue	1,340	(16)	7,567	2,671
Total revenue	174,036	164,710	551,173	546,672
<i>Operating expenses</i>				
Goods for resale	(79,383)	(89,185)	(218,851)	(243,119)
Other external expenses	(35,519)	(26,016)	(120,472)	(97,053)
Personnel expenses	(56,931)	(46,606)	(199,917)	(172,543)
Depreciations and write-downs	(86,116)	(9,483)	(118,366)	(38,592)
Operating profit/loss	(83,913)	(6,580)	(106,433)	(4,635)
Financial income	1,502	5,242	4,325	9,823
Financial expenses	(17,600)	(7,597)	(50,917)	(25,830)
Profit/loss after financial items	(100,011)	(8,935)	(153,025)	(20,642)
Tax	361	3,687	(179)	968
Profit/loss for the period	(99,650)	(5,248)	(153,204)	(19,674)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(TSEK)	3 MONTHS OCT-DEC 2023	Restated 3 MONTHS OCT-DEC 2022	12 MONTHS JAN-DEC 2023	Restated 12 MONTHS JAN-DEC 2022
Profit/loss for the period	(99,650)	(5,248)	(153,204)	(19,674)
Items that may later be transferred to profit/loss for the period:				
Translation differences	(16,449)	9,288	(14,216)	33,009
Comprehensive income/loss for the period	(116,099)	4,040	(167,420)	13,335
Attributable to shareholders in the Parent Company	(116,099)	4,040	(167,420)	13,335



CONSOLIDATED BALANCE SHEETS – SUMMARY

(TSEK)	2023-12-31	Restated 2022-12-31
<i>ASSETS</i>		
Intangible assets	541,651	563,706
Tangible assets	16,439	12,253
Right of use assets	21,536	16,086
Deferred tax assets	872	1,205
Financial non-current assets	130	130
Total non-current assets	580,628	593,380
Inventories	12,223	7,686
Current receivables	122,654	152,108
Cash and cash equivalents	51,230	59,225
Total current assets	186,107	219,019
TOTAL ASSETS	766,735	812,399
<i>EQUITY AND LIABILITIES</i>		
Equity attributable to shareholders of the Parent Company	142,398	270,399
Total equity	142,398	270,399
Non-current liabilities	324,673	27,370
Current liabilities	299,664	514,630
Total liabilities	624,337	542,000
TOTAL EQUITY AND LIABILITIES	766,735	812,399



CONSOLIDATED CASH-FLOW STATEMENTS

(TSEK)	3 MONTHS OCT-DEC 2023	Restated 3 MONTHS OCT-DEC 2022	12 MONTHS JAN-DEC 2023	Restated 12 MONTHS JAN-DEC 2022
<i>Operating activities</i>				
Operating profit/loss	(83,913)	(6,580)	(106,433)	(4,635)
Adjustments for depreciation and amortisation	86,116	9,483	118,366	38,592
Interest received	1,503	2,944	4,325	4,077
Interest paid	(9,826)	(7,599)	(38,353)	(20,520)
Adjustment for foreign exchange	(28,347)	14,124	(30,051)	9,074
Income tax paid	3,536	2,328	1,079	(4,412)
Cash flow from operating activities before changes in working capital	(30,931)	14,700	(51,067)	22,176
<i>Change in working capital</i>				
Change in inventories	10,467	(701)	1,201	(2,849)
Change in receivables	(15,754)	(36,906)	38,421	(61,401)
Change in current liabilities	34,802	47,111	7,503	43,510
<i>Total change in working capital</i>	29,515	9,504	47,125	(20,740)
Cash flow from operating activities	(1,416)	24,204	(3,942)	1,436
<i>Investment activities</i>				
Acquisition of subsidiaries	1,192	0	(30,648)	(5,107)
Paid contingent consideration for acquisition of subsidiaries	0	0	(14,761)	0
Acquisition of intangible assets	(13,186)	(4,990)	(36,689)	(20,930)
Acquisition of tangible assets	(683)	(763)	(2,780)	(914)
Sale of tangible assets	(85)	0	0	0
Cash flow from investment activities	(12,762)	(5,753)	(84,878)	(26,951)
<i>Financing activities</i>				
Other contributed equity	8,499	0	39,419	0
Borrowings raised	0	0	350,000	0
Repayment of loan	0	0	(300,000)	0
Amortisation of lease debt	(4,893)	(2,100)	(15,148)	(10,174)
Change in factoring debt	12,977	731	9,540	(2,232)
Cash flow from financing activities	16,583	(1,369)	83,811	(12,406)
Cash flow for the period	2,405	17,082	(5,009)	(37,921)
Cash and cash equivalents at start of period	52,137	41,438	59,225	93,472
Exchange rate difference	(3,312)	705	(2,986)	3,674
Cash and cash equivalents at end of period	51,230	59,225	51,230	59,225



STATEMENT OF CHANGES IN EQUITY – SUMMARY

(TSEK) GROUP	CAPITAL STOCK	ADDITIONAL PAID-IN CAPITAL	TRANSLATION RESERVES	ACCUMULATED RESULTS	TOTAL EQUITY
Attributable to shareholders in the parent company					
Opening balance 2022-01-01	27,862	277,600	6,070	(54,468)	257,064
Changes in equity 2022-01-01 - 2022-12-31					
Loss for the period as restated				(19,674)	(19,674)
Comprehensive income for the period			33,009		33,009
Closing balance 2022-12-31 as restated	27,862	277,600	39,079	(74,142)	270,399
Changes in equity 2023-01-01 - 2023-12-31					
Loss for the period				(153,204)	(153,204)
Transactions with shareholders		39,419			39,419
Comprehensive loss for the period			(14,216)		(14,216)
Closing balance 2023-12-31	27,862	317,019	24,863	(227,346)	142,398



PARENT COMPANY INCOME STATEMENTS - SUMMARY

(TSEK)	3 MONTHS OCT-DEC 2023	Restated 3 MONTHS OCT-DEC 2022	12 MONTHS JAN-DEC 2023	Restated 12 MONTHS JAN-DEC 2022
Net sales	66,060	69,506	178,744	193,920
Capitalized work on own account	9,389	1,861	15,944	8,570
Other income	(281)	(525)	3,672	471
Total revenue	75,168	70,842	198,360	202,961
<i>Operating expenses</i>				
Goods for resale	(16,302)	(14,973)	(62,056)	(74,901)
Other external expenses	(42,014)	(19,949)	(119,763)	(77,913)
Personnel expenses	(13,879)	(8,884)	(49,303)	(41,047)
Depreciation and amortisation	(5,772)	(1,651)	(11,849)	(7,354)
Operating profit/loss	(2,799)	25,385	(44,611)	1,746
Results from participations in group companies*	(37,298)	0	(37,298)	0
Interest income	1,955	5,089	7,608	11,514
Interest expenses	(16,968)	(7,280)	(50,175)	(24,216)
Profit/loss after financial items	(55,110)	23,194	(124,476)	(10,956)
Tax	58	0	58	0
Profit/loss for the period	(55,052)	23,194	(124,418)	(10,956)

* Reduction in carrying value of shares in subsidiaries



PARENT COMPANY BALANCE SHEETS – SUMMARY

(TSEK)	2023-12-31	Restated 2022-12-31
<i>ASSETS</i>		
Intangible assets	51,001	32,525
Tangible assets	870	818
Participations in group companies	458,283	437,100
Deferred tax assets	58	0
Financial non-current assets	130	130
Total non-current assets	510,342	470,573
Inventories	1,041	581
Current receivables	166,131	127,235
Cash and cash equivalents	12,286	43,358
Total current assets	179,458	171,174
TOTAL ASSETS	689,800	641,747
<i>EQUITY AND LIABILITIES</i>		
Equity	131,681	216,680
Total equity	131,681	216,680
Non-current liabilities	302,634	101
Current liabilities	255,485	426,966
Total liabilities	558,119	425,067
TOTAL EQUITY AND LIABILITIES	689,800	641,747



Notes

NOTE 1 ZETADISPLAY GROUP

ZetaDisplay AB (publ), 556603-4434, is a Swedish public limited liability company registered in Malmö municipality, Skåne County. The company's head office is located in Malmö, at this address: Höjdrodergatan 21, 212 39 Malmö.

COMPANY	REG. NUMBER	SEAT	SHARES
ZetaDisplay AB	556603-4434	Malmö	
ZetaDisplay Sverige AB	556642-5871	Malmö	100
ZetaDisplay Finland OY	1914200-9	Vantaa	100
ZetaDisplay Danmark A/S	29226342	Köpenhamn	100
ZetaDisplay Baltics OU	12435080	Tallinn	100
ZetaDisplay BV	27285283	Rosmalen	100
Gauddi Inc	D18921700	Baltimore	100
ZetaDisplay Norway AS	981106431	Oslo	100
LiveQube AS	995543478	Oslo	100
NORDLAND systems GmbH	HRB 9974 HL	Ahrensburg	100
PeakMedia Digital Signage GmbH	FN 567262i	Ebbs	100

NOTE 2 ACCOUNTING PRINCIPLES

The consolidated financial statements of ZetaDisplay AB (publ) have been drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Council RFR 1 "Supplementary Accounting Rules for Groups". The Parent Company's financial reports have been drawn up in accordance with the Swedish Annual Accounts Act and RFR 2, "Accounting for legal entities".

The Group applies the same accounting principles and calculation methods as in the most recent annual report.

New standards and interpretations that are effective from 1 January 2023 have not had any effect on the Group's or the Parent Company's financial statements for the interim period.

The interim report is prepared in accordance with IAS 34 "Interim Reporting". Details required under IAS 34 p. 16A are provided both in notes and elsewhere in the interim report.

The ESMA's guidelines on Alternative Performance Measures have been applied, which means that the report covers disclosure requirements for financial measures which are not defined under IFRS. For definitions see pages 20-22.



NOTE 3 SEGMENT REPORTING

(TSEK) JAN-DEC	NORDICS		EUROPE	
	2023	Restated 2022	2023	Restated 2022
Total revenue	324,116	317,358	241,800	228,474
Reported EBITDA	75,381	78,104	36,949	28,370

(TSEK) JAN-DEC	GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2023	Restated 2022	2023	Restated 2022	2023	Restated 2022
Total revenue	72,953	24,611	(87,696)	(23,771)	551,173	546,672
Reported EBITDA	(100,397)	(72,517)	0	0	11,933	33,957

NOTE 4 FINANCIAL ASSETS AND LIABILITIES

(TSEK)	2023-12-31	Restated 2022-12-31
Financial assets measured at amortized cost		
Trade accounts receivable	97,873	120,356
Contract assets	13,788	16,256
Other financial receivables	130	130
Cash and cash equivalents	51,230	59,225
Financial assets	163,021	195,967
Financial liabilities		
<i>Other financial liabilities valued at amortised cost</i>		
Liabilities to credit institutions	65,318	3,601
Debenture loan	285,847	299,609
Derivatives	2,634	0
Leasing liability	21,093	16,069
Liabilities related to acquisitions	9,549	19,137
Trade accounts payable	49,983	52,082
<i>Financial liabilities measured at fair value</i>		
Contingent considerations relating to acquisitions	25,066	9,990
Financial liabilities	459,490	400,488

Contingent considerations relating to acquisitions

Contingent consideration is in respect of earn-outs associated with acquisitions.

Fair Value measurement is carried out according to level 3, which means that fair value is determined on the basis of valuation models where material inputs are based on

unobservable data. The liabilities are measured at fair value and are based on certain performance thresholds related to EBITDA.



NOTE 5 BUSINESS COMBINATIONS

The Group acquired 100 % of the shares in PeakMedia Digital Signage GmbH ("PeakMedia"), a leading digital signage integrator in Austria, on 19 September 2023.

The acquisition is a decisive step for ZetaDisplay towards further strengthening its significant market presence in the DACH region and Europe. The post-acquisition

results of PeakMedia are included in the consolidated results for 2023, contributing SEK 6.2 million to EBITDA.

The acquisition was financed by initial cash consideration of SEK 31.8m and SEK 21.2m deferred contingent consideration based on the fair value determination of the earn-out agreements.

The preliminary purchase price allocation is presented below:

(TSEK)	2023-12-31
Cash paid	31,840
Deferred contingent consideration (fair value)	21,212
Total consideration	53,052
<i>Fair value of net assets acquired:</i>	
Intangibles – customer relationships	23,127
Intangibles – license agreement	3,289
Goodwill	17,237
Fixed assets	6,744
Working capital	5,407
Cash	1,192
Debt	(3,944)
	53,052



Alternative performance measurements

ZetaDisplay presents some financial measures in the financial statements which are not defined under IFRS. The Company considers that these measures provide valuable additional information to investors, as they allow the Company's performance to be assessed.

As not all businesses calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should therefore not be seen as a substitute for measures defined in accordance with IFRSs.

NON-IFRS MEASURES	DEFINITION	REASON
ARR (annual recurring revenue)	Last month for the quarter/period SaaS-revenues (recurring) calculated to 12 months	The performance measure indicates recurring revenues over the next 12 months based on revenues from existing customers at the end of the period. The key ratio is also essential to facilitate industry comparison
SaaS-revenues (recurring)	Income of a recurring nature such as licenses, support and other agreed income	This measure is useful in showing how much of the revenue is of a recurring nature and how it nominally changes between quarters and over time
NRR (non-recurring revenue)	Income of a non-recurring nature such as hardware, installation, project management and other non-software related services.	This measure is useful in showing how much of the revenue is of a non-recurring nature. This revenue is less predictable and subject to fluctuation as it is dependent upon customer budgets and the economies of the markets the Group operates within
Gross margin	Net sales minus cost of goods for resale in relation to net sales	Measure to show the margin before the effect of costs such as other external expenses, staff costs and depreciation
Reported EBITDA	Operating profit excl. depreciation and amortization of tangible and intangible non-current assets and including IFRS16	EBITDA is adjusted for items that affect comparability. The Company believes this is a useful indicator of results from operating activities
Adjusted EBITDA	Reported EBITDA stated before Hanover costs and non-recurring items	Represents underlying EBITDA performance
EBITDA margin	EBITDA in relation to net sales	The EBITDA margin is adjusted for items that affect comparability. The Company believes this is a useful indicator of the margin from operating activities
Operating profit	Profit/ loss for the period before financial items and tax	Operating profit is a useful indicator of income from operating activities
Operating margin	Operating profit in relation to net sales	The operating margin is a useful indicator to compare the change in operating profit between two periods
Non-recurring items	Costs/ income of a one-off nature that are not expected to recur	Performance measures are adjusted for non-recurring items to demonstrate underlying performance
Net debt	Interest-bearing liabilities decreased by interest-bearing assets and cash and cash equivalents	Measures to show the Company's indebtedness
Equity ratio	Equity in relation to total assets	The Company considers that this indicator is useful, and a supplement to other performance measures, for assessing the possibility of making dividend payments and strategic investments and to judge the Company's ability to meet its financial commitments



SAAS REVENUES (RECURRING) (TSEK)	OCT-DEC 2023	Restated OCT-DEC 2022	JAN-DEC 2023	Restated JAN-DEC 2022
License income	44,114	37,018	167,395	145,673
Support and other contractual services	10,982	11,875	46,703	45,746
Total SaaS-revenues	55,096	48,893	214,098	191,419
ARR (ANNUAL RECURRING REVENUE) (TSEK)	OCT-DEC 2023	Restated OCT-DEC 2022	JAN-DEC 2023	Restated JAN-DEC 2022
SaaS revenues last month in the quarter	17,441	16,309	17,441	16,309
Multiplied with 12 months	12	12	12	12
ARR (annual recurring revenue)	209,292	195,708	209,292	195,708
GROSS MARGIN (TSEK)	OCT-DEC 2023	Restated OCT-DEC 2022	JAN-DEC 2023	Restated JAN-DEC 2022
Net sales	161,357	160,558	521,271	527,672
<i>Operating expenses</i>				
Goods for resale	(79,383)	(89,185)	(218,851)	(243,119)
Gross profit	81,974	71,373	302,420	284,553
Gross margin (%)	50.8	44.5	58.0	53.9
REPORTED EBITDA (TSEK)	OCT-DEC 2023	Restated OCT-DEC 2022	JAN-DEC 2023	Restated JAN-DEC 2022
Operating profit/loss	(83,913)	(6,580)	(106,433)	(4,635)
Depreciation and amortisation	86,116	9,483	118,366	38,592
Reported EBITDA	2,203	2,903	11,933	33,957
EBITDA margin (%)	1.4	1.8	2.3	6.4
OPERATING MARGIN (TSEK)	OCT-DEC 2023	Restated OCT-DEC 2022	JAN-DEC 2023	Restated JAN-DEC 2022
Net sales	161,357	160,558	521,271	527,672
Operating profit/loss	(83,913)	(6,580)	(106,433)	(4,635)
Operating margin (%)	(52.0)	(4.1)	(20.4)	(0.9)



NET DEBT/ ADJUSTED EBITDA RATIO (TSEK)	31 DEC 2023	Restated 31 DEC 2022
Net debt	321,028	260,054
Adjusted EBITDA (LTM*)	74,585	60,175
Net debt/ adjusted EBITDA ratio	4.3	4.3

* LTM = last twelve months

NET DEBT (TSEK)	31 DEC 2023	Restated 31 DEC 2022
Interest-bearing liabilities	(372,258)	(319,279)
Interest-bearing assets and cash and cash equivalents	51,230	59,225
Net debt	321,028	260,054

EQUITY RATIO (TSEK)	31 DEC 2023	Restated 31 DEC 2022
Equity	142,398	270,399
Total assets	766,735	812,399
Equity ratio (%)	18.6	33.3