

Year End Report 2020

Strong EBITDA and ARR growth finalize an eventful year

October – December 2020

- Net sales decreased by 28.1% to SEK 102.7 (142.8) million
- SaaS-revenues amounted to SEK 39.0 (40.0) million. At constant exchange rates SaaS-revenues increased by 3.3%
- EBITDA amounted to SEK 20.1 (21.2) million
- ARR amounted to SEK 160.3 million compared with SEK 156.6 million in the previous quarter. At constant exchange rates, ARR increased by 3.7%
- Operating profit amounted to SEK 11.2 (12.8) million
- Earnings per share before and after dilution amounted to SEK -0.05 (0.07) and SEK -0.05 (0.07) respectively

January – December 2020

- Net sales decreased by 15.4% to SEK 366.2 (433.0) million
- SaaS-revenues amounted to SEK 155.2 (137.1) million. At constant exchange rates, SaaS-revenues increased by 17.4%
- EBITDA amounted to SEK 38.5 (52.2) million
- Adjusted for non-recurring items EBITDA amounted to SEK 55.0 (52.2) million
- ARR amounted to SEK 160.3 (165.5) million. At constant exchange rates, ARR increased by 1.3%
- Operating profit amounted to SEK 3.7 (3.4) million
- Earnings per share before and after dilution amounted to SEK -0,63 (0,22) and SEK -0,63 (0,22) respectively

Significant events during the quarter

- ZetaDisplay in Norway restarted deliveries of music management services to 52 7-eleven convenience stores.
- ZetaDisplay entered into a ten-year supply agreement with SJ Norge, a subsidiary of SJ in Sweden.
- ZetaDisplay won the international AV Award in the category "Leisure and Hospitality" for Digital Signage installations on the Hurtigruten expedition vessel.
- ZetaDisplay launched its next-generation software platform for scheduling and distributing cloud-based content.
- The Extraordinary General Meeting on December 11 resolved to issue a maximum of 500,000 warrants to Magari Venture A/S.
- ZetaDisplay extended its delivery agreement for Digital Signage solutions with Total in the Netherlands.

Significant events after the quarter

- ZetaDisplay broadens its cloud-based Digital Signage software platform with Digital Out of Home functionality.
- Hans van't Hoff has been appointed Chief Operations Officer (COO).

CEO comment

Strong EBITDA and ARR growth finalize an eventful year

A strong increase in profitability in the fourth quarter ends 2020. The shift in the revenue mix towards SaaS revenues, a conscious focus on strategic priorities and good cost control lifted the EBITDA margin to 19.5%. SaaS-revenues amounted to SEK 39.0 (40.0) million. At constant currency it represents an increase of 3.3%. ARR amounts to SEK 160.3 million, an increase of 2.4% compared to the previous quarter.

Net sales for the quarter amounted to SEK 102.7 (142.8) million, a decrease of 28.1% compared to the same quarter last year. Project sales were 38% lower than the corresponding period last year. Gross profit decreased by SEK 12.8 million to SEK 61.4 (74.0) million. The gross margin increased to 59.8 (51.8) % because of a higher share of SaaS revenues. EBITDA for the period amounted to SEK 20.1 (21.2) million, a margin of 19.5 (14.8) %.

Since the spring, demand is characterized by longer decision-making processes and customer cautiousness due to the pandemic. However, we continue to serve a stable customer base that, despite the circumstances, invests in its digitization journey.

A different financial year 2020

The management of the market effects caused by the pandemic characterized ZetaDisplay's fiscal year 2020. Group management acted quickly in the spring against the expected effects of the pandemic and pushed for harmonization, internationalization and scalability of the operations. The new function-based organization acted as lever to drive strategic priorities. The stable customer base, the Group's good financial position and effective cost control opened for continued investments in strategic priorities, especially in the software and service offering.

For the full year, ZetaDisplay reported sales of SEK 366.2 (433.0) million and growth in SaaS revenues of 13.2%. EBITDA amounted to SEK 38.5 (52.2) million, corresponding to 10.5 (12.1) %, adjusted for non-recurring items, EBITDA amounted to SEK 55.0 (52.2) million. The company's financial target for 2022 to reach an operating profit of SEK 100 million and SaaS revenues of SEK 200 million remains within reach.

The pandemic has accelerated digitalization in society both among customers and consumers. Long-term trends drive the demand for Digital Signage solutions, where the market expects the solutions to create even more business value. We meet the demand through targeted investments in the software and service offering. During the year, a new software platform was launched and in early 2021 increased functionality in the so-called Digital-Out-Of-Home area was added. Customers' higher demands on efficacy (ROI) are combined with the requirement to integrate the Digital Signage solution into the existing digital ecosystem (e.g. with POS, ERP and CRM systems).

Our delivery capacity has been strengthened during the year and prestigious prizes such as the Digital Signage Award and the AV Award are a recognition for our leading position on the European market. During the year, the integration of Gauddi BV has also been completed. The brand has gone up in ZetaDisplay and the organization is a natural part of the Group's operations. Hans van't Hoff with roots in Gauddi is also the Group's new Chief Operations Officer.

2020 has also been a challenging year for all employees within the Group. It is very gratifying to see that a rapid transition of routines and working methods led to continued high delivery capacity. I am very proud and grateful for the extra effort in all units.

We look forward to a normalized everyday life where every day social contacts enhance motivation, togetherness and commitment.

The Group's strategy is characterized by growth, both organically and through acquisitions. We have previously found that our eyes are focused primarily on the DACH market, which is geographically and strategically within reach.

Outlook

We expect a gradual normalization of demand in 2021. We are already seeing increased activity with continued investments in our customers' digital ecosystems. Our customer base is intact and shows a stable commercial flow. Our competitive position is strengthened as decisive investments in software, organization and concept development reach the market. We believe that ZetaDisplay is very well positioned to take market share once demand normalizes.

In addition, digitalization in society is increasing, where our solutions are at the heart of the change that takes place in physical environments. We look with confidence ahead to the new financial year.

Malmö 5 February 2021

Per Mandorf

President and CEO

This year-end report has not been reviewed by the company's auditor and is a translation of the original Swedish year-end report that has been formally approved by the Board of Directors

This year-end report is such information that ZetaDisplay AB (publ) is required to disclose under the EU market abuse regulation. The information was submitted, on the authority of Per Mandorf, for publication on 5 February at 08:00

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Presentation for analysts, investors, and media

CEO Per Mandorf and CFO Jacob Stjernfält present the year-end report in an audiocast on February 5, 2021 at 10:00 a.m. Registration is done on the website <https://financialhearings.com/event/13144>

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 approx. SEK 370 million and employs 160 staff at nine offices in six European countries and the USA. In total, the company handles 50,000 installations on 50 markets. The share is listed on Nasdaq Stockholm [ZETA]. [More information at www.ir.zetadisplay.com](#)