

PRESS RELEASE

INCREASE IN SAAS-REVENUES AND CONTINUED INTERNATIONAL EXPANSION

July – September 2019

- Net sales decreased by 14% to SEK 101.1 (117.4) million
- SaaS-revenues (recurring) increased by 25% to SEK 33.0 (26.5) million
- ARR (annual recurring revenue) increased by 25% to SEK 135.8 (108.6) million.
- EBITDA amounted to SEK 13.2 (14.1) million
- Operating profit amounted to SEK -14.5 (9,3) million
- Earnings per share before and after dilution amounted to SEK 0.29 (0.24) and 0.29 (0.24)

January – September 2019

- Net sales increased by 7% to SEK 291.8 (273.2) million
- SaaS-revenues (recurring) increased by 39% to SEK 97.1 million (69.6)
- ARR (annual recurring revenue) increased by 25% to SEK 135.8 (108.6) million
- EBITDA amounted to SEK 31.0 (32,0) million
- Operating profit amounted to SEK -9.4 (18.5) million
- Earnings per share before and after dilution amounted to SEK 0.16 (0.08) and 0.16 (0.08)

Significant events during the quarter

- The existing outstanding preference shares were delisted after the AGM's decision on redemption.
- Per Mandorf took over as President & CEO on 1 September 2019
- ZetaDisplay issued a 3.5-year senior unsecured bond of SEK 300 million under a framework amount of SEK 500 million.
- ZetaDisplay has signed a contract with Hurtigruten AS through its Norwegian subsidiary. The five-year contract has a value of SEK 22 million.
- 524,967 ordinary shares were pledged for a subscription price of SEK 11.43 per ordinary share during the last subscription period for the ZETA TO 1 option program.

Significant events after the quarter

- ZetaDisplay AB acquires 100% of Gauddi BV against a cash compensation of SEK 52.7 million and an additional performance-based payment of up to SEK 18.4 million. Gauddi BV is integrated into ZetaDisplay BV from 10 October 2019.

Comments from the CEO

ZetaDisplay continues to grow as a service and software company. The share of SaaS-revenues increased by 25% compared to the same period last year and represents 33% of net sales. We show also a healthy growth in ARR (Annual recurring revenue) which has increased by 25%. The potential in our customer contracts drives a continued investment in international and scalable cloud services. During the quarter we secured funding for our growth by issuing of a senior bond of SEK 300 million.

Net sales decreased by 14% for the quarter as effect of the hardware sales to ATG in the third quarter of the previous year, amounting to approximately SEK 50 million. Isolated for this delivery, net sales in the quarter increased by approximately 50%. SaaS-revenues are rising considerably and improved by 25% to SEK 33.0 (26.5) million. ARR is also growing and amounts now to SEK 136 (109) million.

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The changed revenue mix strengthens the gross margin. Gross profit increased by SEK 7.3 million to 51.4 (44.1), corresponding to a growth of 16.4%.

The group's international growth ambition affects operating expenses, which has an impact on EBITDA compared to the previous year.

The Dutch subsidiary QYN BV has changed its name to ZetaDisplay BV. Due to this, we have chosen to re-evaluate the trademark, which explains the one-time write-down of SEK 20.9 million. After this impairment, operating profit amounted to SEK -14.5 (9.3) million. In addition, there has been a revaluation of contingent considerations on acquisitions that have resulted in a positive effect of SEK 26.1 million. In total, these non-recurring effects including tax contributed SEK 10.4 million to the net income for the period.

To accelerate the company's international expansion, we have secured a more flexible financing structure. We have issued a non-secured senior bond of SEK 300 million with a maturity of 3.5 years. The transaction was well oversubscribed and rendered a broad interest from Nordic institutional investors.

The acquisition of Dutch Gaudi BV, which took place after the end of the quarter, is part of this international expansion. Gaudi's successful business model towards customers locally and internationally strengthens our offering both geographically and conceptually. The acquisition will be integrated with ZetaDisplay BV in the Netherlands. Our entity is now clear market leader in the Benelux area.

Outlook

Market demand remains strong in all three customer segments – retail, public and workplace communication. This in combination with the existing contracted customer base will continue to support the further growth of SaaS-revenues for ZetaDisplay.

Our scalable product and service offering, the cloud-based software and our international delivery capabilities build the foundation for continued growth, both organically and through acquisitions.

We are an important part of our customers' digital transformation and therefore we develop and streamline our international organization further. Furthermore, we add services, invest in our soft-ware and conceptually know-how. These combined activities are creating a clear added value for our customers.

We have started to deliver in line with the inter-national framework agreements that were established earlier this year and have started deliveries to several markets. Our communication concept and our software solution has been received very well. However, the largest effects continue to lie ahead, which is promising for the coming quarters.

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 7 November 2019 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 is based in Malmö, Sweden. The company has annual net sales 400 MSEK and employs 140 employees at eight offices in six European countries. The company controls and maintains today more than 50 000 installations at customers on 50 markets. The share is listed on the NASDAQ OMX Stockholm Stock Exchange [ZETA].

More information at www.zetadisplay.com