

ZETADISPLAY AB (PUBL)

INTERIM REPORT

1 APRIL – 30 JUNE 2023



**ZETA  
DISPLAY**



## Continued growth in SaaS Revenue in the second quarter

### April – June 2023

- Net sales were stable with last year at SEK 126.9 (126.0) million
- SaaS revenues increased by 14.0% to SEK 53.7 (47.1) million
- ARR amounted to SEK 218.8 (187.9) million
- Reported EBITDA grew by 15.3% to SEK 9.8 (8.5) million
- Adjusted EBITDA increased by 5.5% to SEK 15.3 (14.5) million
- Operating profit improved by SEK 1 million, to SEK -0.2 (-1.2) million

### January – June 2023

- Net sales increased by 3.9% to SEK 246.5 (237.2) million
- SaaS revenues increased by 10.2% to SEK 103.7 (94.1) million
- Reported EBITDA was in line with the prior year at SEK 13.5 (13.9) million
- Operating profit was SEK -6.8 (-5.7) million

### Significant events during the quarter

- Michael van Straten resigned his role as CFO and Jog Dhody was appointed interim CFO in his place.

### Significant events after the second quarter

- The Group secured a SEK 50 million Revolving Credit Facility with Nordea Bank and leverage covenants are aligned with the Bond. The facility also includes a new Interest Cover covenant for which the Group has substantial headroom. The Group does not require this facility to meet any working capital requirements; this facility will however allow to fund M&A activities.

FINANCIAL INDICATORS (TSEK)	APR-JUN	APR-JUN	JAN-JUN	JAN-JUN	JAN-DEC
	2023	* 2022	2023	* 2022	* 2022
Net sales	126,905	125,991	246,501	237,233	534,500
SaaS-revenues (recurring)	53,738	47,130	103,735	94,104	192,291
Gross margin (%)	61.4	57.8	60.7	58.7	55.5
Reported EBITDA	9,766	8,470	13,541	13,897	45,782
Hanover costs	3,402	5,911	7,552	<b>12,020</b>	<b>22,118</b>
Other non-recurring items (including reorganization costs)	2,084	103	4,239	3,003	3,100
<b>Adjusted EBITDA</b>	<b>15,252</b>	<b>14,484</b>	<b>25,331</b>	<b>28,920</b>	<b>72,000</b>
Adjusted EBITDA margin (%)	<b>12.0</b>	<b>11.5</b>	<b>10.3</b>	<b>12.2</b>	<b>13.5</b>
Operating profit / (loss)	(234)	(1,192)	(6,767)	(5,665)	7,190
Operating margin (%)	(0.2)	(0.9)	(2.8)	(2.4)	1.3
Profit / (loss) for the period	(9,475)	(7,023)	(24,518)	(13,268)	(6,874)
Equity ratio (%)	34.3	33.2	34.3	33.2	34.4

\* 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

### Stable sales and continued SaaS growth

Net sales for the quarter amounted to SEK 126.9 (126.0) million. SaaS revenues were SEK 53.7 (47.1) million and represented 42.3% (37.4%) of net sales. Reported EBITDA was SEK 9.8 (8.5) million. Adjusted for Hanover costs and non-recurring items, EBITDA amounted to SEK 15.3 (14.5) million.

Our second quarter was characterized by stable sales and continued growth in SaaS revenues.

During the quarter we have seen continued expansion of our international customer activity as well as some customer project delays. During the quarter, we expanded our work across the whole group focusing on key enterprise customer development and the strengthening of our service and product range. We also strengthened our country management organizational set-up to further local growth and local market specific focus. The on-going investment continues in our software and product offering concurrent with our operations and sales functions development activities.

### Per Mandorf

*President and CEO*

### Outlook

Our long-term plan and investment initiatives for scalable international growth are further strengthening our position. As a result, we continue to see increased organizational efficiency and new opportunities taking shape in the medium term. At the same time, we're effectively handling delayed lead times in some customer projects.

We continue to actively monitor market development and to manage costs diligently whilst prioritizing key investments for long-term growth. I would like to thank all our co-workers for their tireless commitment and thank our customers for their continued trust.

### Upcoming reporting sessions

ZetaDisplay AB (publ) interim report January – September will be published on [ir.zetadisplay.com](http://ir.zetadisplay.com) in November, week 48.

## 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 six European countries and in the United States. ZetaDisplay continuously evaluates new form 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 inquiries 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

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.

## Second quarter April – June 2023

### Net sales

Net sales for the quarter were stable against the prior period at SEK 126.9 (126.0) million. Higher SaaS revenues, which increased by 14.0% and amounted to SEK 53.7 (47.1) million, offset a reduction in implementation projects, consisting of hardware and installation, which decreased by -7.2%. Of total net sales, 42.3% (37.4%) was SaaS revenue.

### Gross profit

Gross profit amounted to SEK 77.9 (72.8) million, corresponding to a gross margin of 61.4% (57.8%).

### Operating expenses

The cost of goods sold consists mainly of hardware and installations and amounted to SEK -49.0 (-53.2) million.

Other external costs amounted to SEK -25.1 (-28.1) million. Other external costs include items of a one-off nature related to strategic improvement projects, these items amounted to SEK 5.5 (6.0) million.

Personnel costs amounted to SEK -46.8 (-42.0) million, which was all recurring.

Depreciation amounted to SEK -10.0 (-9.7) million.

### EBITDA

Adjusted EBITDA, stated before non-recurring items and Hanover costs, was SEK 15.3 (14.5) million, generating an EBITDA margin of 12.0% (11.5%).

Reported EBITDA amounted to SEK 9.8 (8.5) million, corresponding to an EBITDA margin of 7.7% (6.7%).

### Operating profit

Operating loss stated before non-recurring items and Hanover costs, was SEK 5.3 (4.8) million, delivering an operating margin of 4.1% (3.8%).

Operating loss amounted to SEK -0.2 (-1.2) million, corresponding to an operating margin of -0.2% (-0.9%).

### Financial items

The financial items amounted to SEK -10.6 (-5.1) million. External interest expense related to the bond loan amounted to SEK -8.1 (-3.6) million.

### Tax

Tax credit for the quarter was SEK 1.3 (charge of -0.7) 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 -9.5 (-7.0) million.

### Cash flow

During the quarter, the Group generated cash flow from operating activities of SEK 3.0 (-19.1) million. Cash flow from investment activities amounted to SEK -9.4 (-10.3) million. Cash flow from financing activities amounted to SEK 8.2 (-3.0) million. Total cash flow during the quarter amounted to SEK 1.7 (-32.5) million.

### Financial position

The equity ratio at the end of the period was 34.3% (33.2%). The Group had a total of SEK 33.6 (54.8) million in cash and cash equivalents as of June 30. Net debt at the end of the period amounted to SEK -281.6 (-261.4) million.

## Segment

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

## Parent company

The operations of the parent company ZetaDisplay AB are reported in the Nordic segment. They also provide a number of group-wide support functions for other segments. These include software development, coordination of sales, purchasing, delivery, service and support, as well as finance.

The Parent Company's net sales amounted to SEK 36.6 (42.7) million, for the second quarter.

Operating loss was SEK -11.1 (-8.7) million and loss after tax was SEK -20.8 (-12.8) million.

## Other information

### Number of employees

The average number of full-time employees was 210 in the last 3-month period,

### 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 period include SEK 3.4 (5.9) million of which SEK 6.6 (nil) million was outstanding at the period end. Since the bond refinancing in February 2023, Hanover costs are borne by the Hanover Active Equity Fund II (the ultimate beneficial owner).

### The stock and shareholders

Following the compulsory redemption of shares, Hanover Active Equity Fund II S.C.A SICAV –

### 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.

For financial information per segment and for the period see Note 3.

The Parent Company had a total of SEK 16.4 (30.0) million in cash and cash equivalents as of June 30.

Non-current assets increased during the quarter by SEK 5.9 (4.4) million, mostly attributable to intangible assets which increased by SEK 6.2 (4.1) million following settlement of deferred consideration in respect of last year's acquisition of Nordland Systems GmbH acquisition.

compared to 206 in the corresponding period last year.

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.

RAIF is the sole shareholder of the ordinary shares in ZetaDisplay.

There is still high inflation and the risk of interest rate increases. Above all, it is a change in the market interest rate in the bond loan that can have an impact on future cash flows, as this loan is of greater value and has a longer term. The bond has a variable interest rate based on 3 months STIBOR and the market rate may be subject to significant fluctuations. The interest rate risk is not hedged.

## Other information (cont'd)

### 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.

The company's success is based on an efficient and scalable delivery and service platform.

Malmö, 31 August 2023

**Per Mandorf**

President and CEO

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

For further information please contact:

**Per Mandorf**, President and CEO, Mobile +46 (0)704-25 82 34, E-Mail [per.mandorf@zetadisplay.com](mailto:per.mandorf@zetadisplay.com)

**Jog Dhody**, interim CFO, Mobile +44 778 652 0802, E-Mail [jog.dhody@zetadisplay.com](mailto:jog.dhody@zetadisplay.com)

### 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 approximately SEK 530 million and employs over 200 employees in ten offices in six European countries and the United States. In total, the company manages over 85,000 installations in more than 50 markets. ZetaDisplay is owned by the British investment company Hanover Investors. More information at [www.ir.zetadisplay.com](http://www.ir.zetadisplay.com) and [www.hanoverinvestors.com](http://www.hanoverinvestors.com)



## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - SUMMARY (TSEK)

	3 MONTHS APR-JUN 2023	3 MONTHS APR-JUN 2022	6 MONTHS JAN-JUN 2023	6 MONTHS JAN-JUN 2022	12 MONTHS JAN-DEC 2022
Net sales	126,905	125,991	246,501	237,233	534,500
Capitalized work on own account	3,444	4,053	7,454	8,489	16,329
Other revenue	351	1,741	1,687	2,512	2,671
<b>Total Revenue</b>	<b>130,700</b>	<b>131,785</b>	<b>255,642</b>	<b>248,234</b>	<b>553,500</b>
<i>Operating expenses</i>					
Goods for resale	(49,044)	(53,177)	(96,784)	(98,026)	(237,780)
Other external expenses	(25,077)	(28,089)	(50,917)	(49,833)	(97,395)
Personnel expenses	(46,813)	(42,049)	(94,400)	(86,478)	(172,543)
Depreciations and write-downs	(10,000)	(9,662)	(20,308)	(19,562)	(38,592)
<b>Operating profit / (loss)</b>	<b>(234)</b>	<b>(1,192)</b>	<b>(6,767)</b>	<b>(5,665)</b>	<b>7,190</b>
Financial income	2,014	1,254	2,779	4,136	9,685
Financial expenses	(12,591)	(6,320)	(21,582)	(11,143)	(25,830)
<b>Profit / (loss) after financial items</b>	<b>(10,811)</b>	<b>(6,258)</b>	<b>(25,570)</b>	<b>(12,672)</b>	<b>(8,955)</b>
Tax	1,336	(765)	1,052	(596)	2,081
<b>Profit / (loss) for the period</b>	<b>(9,475)</b>	<b>(7,023)</b>	<b>(24,518)</b>	<b>(13,268)</b>	<b>(6,874)</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (TSEK)

	3 MONTHS APR-JUN 2023	3 MONTHS APR-JUN 2022	6 MONTHS JAN-JUN 2023	6 MONTHS JAN-JUN 2022	12 MONTHS JAN-DEC 2022
<b>Profit / (loss) for the period</b>	<b>(9,475)</b>	<b>(7,023)</b>	<b>(24,518)</b>	<b>(13,268)</b>	<b>(6,874)</b>
Items that may later be transferred to profit/loss for the period:					
Translation differences	18,317	3,559	13,019	19,536	33,009
<b>Comprehensive income / (loss) for the period</b>	<b>8,842</b>	<b>(3,464)</b>	<b>(11,499)</b>	<b>6,268</b>	<b>26,135</b>
Attributable to shareholders in the Parent Company	8,842	(3,464)	(11,499)	6,268	26,135

## CONSOLIDATED BALANCE SHEETS - SUMMARY (TSEK)

	2023-06-30	2022-06-30	2022-12-31
<b>ASSETS</b>			
Intangible assets	581,540	547,664	563,706
Tangible assets	14,258	10,347	12,251
Right of use assets	16,038	14,463	16,087
Deferred tax assets	1,047	1,181	1,205
Financial non-current assets	46	130	130
<b>Total non-current assets</b>	<b>612,929</b>	<b>573,785</b>	<b>593,379</b>
Inventories	21,754	22,365	12,940
Current receivables	124,822	128,417	156,642
Cash and cash equivalents	33,597	54,753	59,225
<b>Total current assets</b>	<b>180,173</b>	<b>205,535</b>	<b>228,807</b>
<b>TOTAL ASSETS</b>	<b>793,102</b>	<b>779,320</b>	<b>822,186</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to shareholders of the Parent Company	271,700	258,327	283,199
<b>Total equity</b>	<b>271,700</b>	<b>258,327</b>	<b>283,199</b>
Non-current liabilities	338,378	324,893	27,370
Current liabilities	183,024	196,100	511,617
<b>Total liabilities</b>	<b>521,402</b>	<b>520,993</b>	<b>538,987</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>793,102</b>	<b>779,320</b>	<b>822,186</b>

## CONSOLIDATED CASH-FLOW STATEMENTS (TSEK)

	3 MONTHS APR-JUN 2023	3 MONTHS APR-JUN 2022	6 MONTHS JAN-JUN 2023	6 MONTHS JAN-JUN 2022	12 MONTHS JAN-DEC 2022
<b>Operating activities</b>					
Operating profit / (loss)	(234)	(1,192)	(6,767)	(5,665)	7,190
Adjustments for depreciation and amortisation	10,000	9,662	20,308	19,562	38,592
Interest received	563	0	1,448	958	3,939
Interest paid	(11,291)	(3,986)	(16,419)	(7,997)	(18,810)
Adjustment for foreign exchange	(276)	(3,356)	(970)	(2,933)	(4,322)
Income tax paid	(619)	1,888	856	(3,129)	(3,412)
<b>Cash flow from operating activities before changes in working capital</b>	<b>(1,857)</b>	<b>3,016</b>	<b>(1,544)</b>	<b>796</b>	<b>23,177</b>
<b>Change in working capital</b>					
Change in inventories	4,182	(11,849)	(7,918)	(12,560)	(2,848)
Change in receivables	(2,722)	(35,312)	33,430	(39,651)	(61,401)
Change in current liabilities	3,385	25,048	(36,745)	35,195	43,394
<b>Total change in working capital</b>	<b>4,845</b>	<b>(22,113)</b>	<b>(11,233)</b>	<b>(17,016)</b>	<b>(20,855)</b>
<b>Cash flow from operating activities</b>	<b>2,988</b>	<b>(19,097)</b>	<b>(12,777)</b>	<b>(16,220)</b>	<b>2,322</b>
<b>Investment activities</b>					
Acquisition of subsidiaries	0	(5,107)	0	(5,107)	(5,107)
Acquisition of intangible assets	(9,670)	(5,143)	(17,529)	(11,122)	(20,930)
Acquisition of tangible assets	0	(86)	(1,942)	(156)	(914)
Sale of tangible assets	225	0	225	0	0
<b>Cash flow from investment activities</b>	<b>(9,445)</b>	<b>(10,336)</b>	<b>(19,246)</b>	<b>(16,385)</b>	<b>(26,951)</b>
<b>Financing activities</b>					
Borrowings raised	13,441	0	13,441	0	0
Redemption preference shares	0	0	0	0	0
Amortisation of debt	442	0	442	0	0
Amortisation of lease debt	(3,041)	(2,489)	(6,235)	(5,109)	(11,006)
Change in factoring debt	(2,683)	(529)	(3,125)	(2,956)	(2,283)
<b>Cash flow from financing activities</b>	<b>8,159</b>	<b>(3,018)</b>	<b>4,523</b>	<b>(8,065)</b>	<b>(13,289)</b>
<b>Cash flow for the period</b>	<b>1,702</b>	<b>(32,451)</b>	<b>(27,500)</b>	<b>(40,670)</b>	<b>(37,918)</b>
Cash and cash equivalents at start of period	36,278	87,092	59,225	93,472	93,472
Exchange rate difference	(4,383)	112	1,872	1,951	3,671
<b>Cash and cash equivalents at end of period</b>	<b>33,597</b>	<b>54,753</b>	<b>33,597</b>	<b>54,753</b>	<b>59,225</b>

## 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					
<b>Opening balance 2022-01-01</b>	<b>27,862</b>	<b>277,600</b>	<b>6,070</b>	<b>(54,468)</b>	<b>257,064</b>
<b>Changes in equity</b>					
<b>2022-01-01 - 2022-12-31</b>					
Profit / (loss) for the period				(6,874)	(6,874)
Comprehensive income for the period			33,009		33,009
<b>Closing balance 2022-12-31</b>	<b>27,862</b>	<b>277,600</b>	<b>39,079</b>	<b>(61,342)</b>	<b>283,199</b>
<b>Changes in equity</b>					
<b>2023-01-01 - 2023-06-30</b>					
Profit / (loss) for the period				(24,518)	(24,518)
Comprehensive income for the period			13,019		13,019
<b>Closing balance 2023-06-30</b>	<b>27,862</b>	<b>277,600</b>	<b>52,098</b>	<b>(85,860)</b>	<b>271,700</b>

**PARENT COMPANY INCOME STATEMENTS - SUMMARY  
 (TSEK)**

	<b>3 MONTHS APR-JUN 2023</b>	<b>3 MONTHS APR-JUN 2022</b>	<b>6 MONTHS JAN-JUN 2023</b>	<b>6 MONTHS JAN-JUN 2022</b>	<b>12 MONTHS JAN-DEC 2022</b>
Net sales	36,586	42,677	72,331	80,236	193,920
Capitalized work on own account	2,151	2,293	4,358	4,870	8,570
Other income	1,992	1,143	2,705	1,409	471
<b>Total revenue</b>	<b>40,729</b>	<b>46,113</b>	<b>79,394</b>	<b>86,515</b>	<b>202,961</b>
<i>Operating expenses</i>					
Goods for resale	(14,015)	(20,734)	(26,722)	(36,227)	(74,901)
Other external expenses	(23,996)	(22,382)	(51,169)	(41,590)	(78,235)
Personnel expenses	(11,725)	(9,725)	(23,928)	(21,954)	(41,047)
Depreciation and amortisation	(2,062)	(1,975)	(4,156)	(4,080)	(7,354)
<b>Operating profit / (loss)</b>	<b>(11,069)</b>	<b>(8,703)</b>	<b>(26,581)</b>	<b>(17,336)</b>	<b>1,424</b>
Interest income	3,290	2,026	4,754	4,639	11,514
Interest expenses	(13,033)	(6,096)	(21,687)	(10,431)	(24,216)
<b>Profit / (loss) after financial items</b>	<b>(20,812)</b>	<b>(12,773)</b>	<b>(43,514)</b>	<b>(23,128)</b>	<b>(11,278)</b>
Tax	0	0	0	0	0
<b>Profit / (loss) for the period</b>	<b>(20,812)</b>	<b>(12,773)</b>	<b>(43,514)</b>	<b>(23,128)</b>	<b>(11,278)</b>

## PARENT COMPANY BALANCE SHEETS – SUMMARY (TSEK)

	2023-06-30	2022-06-30	2022-12-31
<b>ASSETS</b>			
Intangible assets	42,792	29,769	32,524
Tangible assets	860	1,241	819
Participations in group companies	437,230	437,100	437,100
Deferred tax assets	0	0	0
Financial non-current assets	0	130	130
<b>Total non-current assets</b>	<b>480,882</b>	<b>468,240</b>	<b>470,573</b>
Inventories	2,323	2,539	581
Current receivables	135,545	152,249	127,235
Cash and cash equivalents	16,377	30,024	43,358
<b>Total current assets</b>	<b>154,245</b>	<b>184,812</b>	<b>171,174</b>
<b>TOTAL ASSETS</b>	<b>635,127</b>	<b>653,052</b>	<b>641,747</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	172,843	204,508	216,357
<b>Total equity</b>	<b>172,843</b>	<b>204,508</b>	<b>216,357</b>
Non-current liabilities	313,576	300,331	492
Current liabilities	148,708	148,213	424,898
<b>Total liabilities</b>	<b>462,284</b>	<b>448,544</b>	<b>425,390</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>635,127</b>	<b>653,052</b>	<b>641,747</b>

## 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
Gaуди Inc	D18921700	Baltimore	100
ZetaDisplay Norway AS	981106431	Oslo	100
LiveQube AS	995543478	Oslo	100
NORDLAND systems GmbH	HRB 9974 HL	Ahrensburg	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 18-20.

Note 3 Segment reporting

TSEK JAN-JUN	NORDICS		NETHERLANDS		GERMANY	
	2023	2022	2023	2022	2023	2022
Total revenue	153,937	152,070	52,438	55,621	58,694	36,185
Reported EBITDA	35,614	27,700	16,524	12,798	7,761	4,697

  

TSEK JAN-JUN	GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2023	2022	2023	2022	2023	2022
Total revenue	20,875	28,273	(30,302)	(23,915)	255,642	248,234
Reported EBITDA	(46,358)	(31,298)	0	0	13,541	13,897



#### Note 4 Financial assets and liabilities

(TSEK)	2023-06-30	2022-06-30	2022-12-31
<b>Financial assets measured at amortized cost (Hold to Collect)</b>			
Trade accounts receivable	70,234	75,513	121,060
Contract assets	29,089	31,805	19,499
Other financial receivables	46	130	130
Cash and cash equivalents	33,597	54,753	59,225
<b>Financial assets</b>	<b>132,966</b>	<b>162,201</b>	<b>199,914</b>
<b>Financial liabilities</b>			
<i>Other financial liabilities valued at amortised cost</i>			
Liabilities to credit institutions	16	3,077	3,601
Debenture loan	300,000	298,758	299,609
Leasing liability	15,196	14,324	16,069
Liabilities related to acquisitions	30,145	7,685	19,137
Trade accounts payable	41,767	32,976	52,082
<i>Financial liabilities measured at fair value</i>			
Contingent considerations relating to acquisitions	20,126	19,458	9,900
<b>Financial liabilities</b>	<b>407,250</b>	<b>376,278</b>	<b>400,398</b>

#### Contingent considerations relating to acquisitions

The liabilities are contingent considerations relating to 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.

## 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
<b>ARR (Annual recurring revenue)</b>	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
<b>SaaS-revenues (recurring)</b>	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
<b>Gross margin</b>	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
<b>Reported EBITDA</b>	Operating profit excl. depreciation and amortization of tangible and intangible non-current assets and including IFRS16	EBITDA is adjusted for items that affect comparability, so the company believes this is a useful indicator of results from operating activities
<b>Adjusted EBITDA</b>	Reported EBITDA stated before Hanover costs and non-recurring items	Represents underlying EBITDA performance
<b>EBITDA margin</b>	EBITDA in relation to net sales	The EBITDA margin is adjusted for items that affect comparability, so the company believes this is a useful indicator of the margin from operating activities
<b>Operating profit</b>	Profit/ (loss) for the period before financial items and tax	Operating profit is a useful indicator of income from operating activities
<b>Operating margin</b>	Operating profit in relation to net sales	The operating margin is a useful indicator to compare the change in operating profit between two periods
<b>Non-recurring items</b>	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
<b>Net debt</b>	Interest-bearing liabilities decreased by interest-bearing assets and cash and cash equivalents	Measures to show the Company's indebtedness
<b>Equity ratio</b>	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

## ALTERNATIVE PERFORMANCE MEASURES

### SAAS REVENUES (RECURRING) (TSEK)

	APR-JUN 2023	APR-JUN 2022	JAN-JUN 2023	JAN-JUN 2022	JAN-DEC 2022
License income	41,695	35,210	79,664	71,470	146,545
Support and other contractual services	12,043	11,920	24,071	22,634	45,746
<b>Total SaaS-revenues</b>	<b>53,738</b>	<b>47,130</b>	<b>103,735</b>	<b>94,104</b>	<b>192,291</b>

### ARR (ANNUAL RECURRING REVENUE) (TSEK)

	APR-JUN 2023	APR-JUN 2022	JAN-JUN 2023	JAN-JUN 2022	JAN-DEC 2022
SaaS revenues last month in the quarter	18,236	15,658	18,236	15,658	16,474
Multiplied with 12 months	12	12	12	12	12
<b>ARR (Annual recurring revenue)</b>	<b>218,832</b>	<b>187,896</b>	<b>218,832</b>	<b>187,896</b>	<b>197,688</b>

### GROSS MARGIN (TSEK)

	APR-JUN 2023	APR-JUN 2022	JAN-JUN 2023	JAN-JUN 2022	JAN-DEC 2022
<b>Net sales</b>	<b>126,905</b>	<b>125,991</b>	<b>246,501</b>	<b>237,233</b>	<b>534,500</b>
<i>Operating expenses</i>					
Goods for resale	(49,044)	(53,177)	(96,784)	(98,026)	(237,780)
<b>Gross profit</b>	<b>77,861</b>	<b>72,814</b>	<b>149,717</b>	<b>139,207</b>	<b>296,720</b>
<b>Gross margin (%)</b>	<b>61.4</b>	<b>57.8</b>	<b>60.7</b>	<b>58.7</b>	<b>55.5</b>

### REPORTED EBITDA (TSEK)

	APR-JUN 2023	APR-JUN 2022	JAN-JUN 2023	JAN-JUN 2022	JAN-DEC 2022
Operating profit / (loss)	(234)	(1,192)	(6,767)	(5,665)	7,190
Depreciation and amortisation	10,000	9,662	20,308	19,562	38,592
<b>Reported EBITDA</b>	<b>9,766</b>	<b>8,470</b>	<b>13,541</b>	<b>13,897</b>	<b>45,782</b>
<b>EBITDA margin (%)</b>	<b>7.7</b>	<b>6.7</b>	<b>5.5</b>	<b>5.9</b>	<b>8.6</b>

### OPERATING MARGIN (TSEK)

	APR-JUN 2023	APR-JUN 2022	JAN-JUN 2023	JAN-JUN 2022	JAN-DEC 2022
Net sales	126,905	125,991	246,501	237,233	534,500
Operating profit / (loss)	(234)	(1,192)	(6,767)	(5,665)	7,190
<b>Operating margin (%)</b>	<b>(0.2)</b>	<b>(0.9)</b>	<b>(2.8)</b>	<b>(2.4)</b>	<b>1.3</b>

## ALTERNATIVE PERFORMANCE MEASURES (CONT.)

### NET DEBT/ ADJUSTED EBITDA RATIO (TSEK)

	JUL-JUN 2023	JAN-DEC 2022
Net debt	281,615	260,054
Adjusted EBITDA (LTM*)	68,411	72,000
<b>Net debt/ adjusted EBITDA ratio</b>	<b>4.1</b>	<b>3.6</b>

\* LTM = last twelve months

### NET DEBT (TSEK)

	30 JUN 2023	30 JUN 2022	31 DEC 2022
Interest-bearing assets and cash and cash equivalents	33,597	54,753	59,225
Interest-bearing liabilities	(315,212)	(316,159)	(319,279)
<b>Net debt</b>	<b>(281,615)</b>	<b>(261,406)</b>	<b>(260,054)</b>

### EQUITY RATIO (TSEK)

	30 JUN 2023	30 JUN 2022	31 DEC 2022
Equity	271,700	258,327	283,199
Total assets	793,102	779,320	822,186
<b>Equity ratio (%)</b>	<b>34.3</b>	<b>33.2</b>	<b>34.4</b>