

# Increased SaaS-revenues, a stable customer base and cost control drive improved profitability

## April – June 2020

- Net sales decreased by 19.8% to SEK 78.1 (97.4) million -
- SaaS revenue increased by 17.8% % to SEK 38.3 (32.5) million
- ARR (Annual Recurring Revenue) increased by 17.8% to SEK 152.3 (129.3) million
- EBITDA amounted to SEK 11.1 (9.6) million
- Operating profit amounted to SEK 2.6 (3.3) million
- Earnings per share before and after dilution amounted to SEK -0.06 (-0.04) and SEK -0.06 (-0.04) respectively

## January - June 2020

- Net sales decreased by SEK -3.8% to SEK 183.6 (190.8) million
- SaaS revenue increased by 21.4% to SEK 77.8 (64.1) million
- ARR (Annual Recurring Revenue) increased by 17.8% to SEK 152.3 (129.3) million.
- EBITDA amounted to SEK 4.5 (17.8) million. Adjusted for one-off items, EBITDA amounted to SEK 21.4 (17.8) million\*
- Operating profit amounted to SEK -12.9 (5.2) million\*
- Earnings per share before and after dilution amounted to SEK -0.61 (-0.14) and SEK -0.61 (-0.14) respectively-

## Significant events during the quarter

- ZetaDisplay signed an additional contract within the existing framework agreement with Swedish Match
- ZetaDisplay entered a partnership with the Irish company Kastus® to provide its patented antimicrobial coating technology.
- On May 4, 2020, the Annual General Meeting was held in Malmö. The Meeting resolved in all proposed matters in accordance with the previously published proposals of the Board of Directors or shareholders.
- ZetaDisplay follows its COVID-19 activity plan with a focus on liquidity, cost control and to prioritize long-term investments
- Jacob Stjernfält appointed as new CFO who will take office on September 1, 2020

## Significant events after the quarter

- Dutch Gaudi, acquired in October 2019, has been renamed ZetaDisplay.
- ZetaDisplay announces that its software is installed at franchisees of more than 750 quick service restaurants in Russia.

## CEO comment

**The second quarter was characterized by stability in the underlying SaaS business, longer lead times for new projects and focus on costs and liquidity. Started projects are running according to plan, but as a result of COVID-19, the decision-making process for new investments has become longer. EBITDA improved by 14% compared to the previous year and amounted to SEK 11 million. SaaS revenues increased by 18% and Annual Recurring Revenue amounted to SEK 152.3 million.**

Net sales for the quarter amounted to SEK 78.1 (97.4) million, a decrease of 19.9% compared to the same quarter previous year. Project sales were affected by COVID-19 and decreased by almost 40% compared to previous year. Gross profit decreased by SEK -1.1 million to SEK 51.3 (52.4) million. Gross margin increased by 22% to 65.7 (53.8) % as result of higher share of SaaS revenue.

The Group's focus on liquidity and the savings program has contributed to that the Group's EBITDA amounting to SEK 11.0 (9.6) million, a margin of 14.2 (9.9) %. Customer losses, churn and delays in payments have been limited even if individual customers temporarily closed their businesses.

Group management has analyzed and acted early on to meet the consequences of COVID-19. We have divided our action plan into a short-term focus on liquidity and costs and long-term priority investments. The savings program launched last quarter follows the target of a 20MSEK saving up to the first quarter of 2021.

The stable and profitable SaaS-revenues with our secured long-term financing through the SEK 300 million bond loan provides us with headroom for investing into our offering of products and services.

### Investments into offer and organization

The investments in our product and service offering result in broader functionality in both software and services. We are close to our customers and provide value creation. For example, during the quarter we launched AccessControl and our technical cooperation with the Irish company Kastus.

Depending on national regulations, our employees have either worked from home or based from our offices during the quarter. Our internal IT structure and our internal processes are fully designed for full-scale deliveries to customers regardless of working methods. No illness related to COVID-19 among our team members were reported which is very satisfying.

During the quarter, Jacob Stjernfält was recruited as new CFO. Jacob succeeds Ola Burmark and will take office on September 1.

### Demand on the way back

Our customers remain with our customers, but the decision-making process has become longer. The latest development in society is triggering an even stronger digitalization trend. An independent industry analysis published in July cemented our position as a leading Digital Signage company in the Nordic region and second largest player in Europe. Our market position, our targeted investments in the offering and the underlying growth provide a good platform when demand picks up again.

With our services and products, we are an important part of our customers' digitalization journey and we are well equipped to broaden our offering, our geographic coverage and thus meet increased customer requirements.

As countries reopen, we see that demand is returning and planned projects are being restarted. Our stable and diversified customer base makes us less sensitive to individual industries and specific customers.

### Outlook

We maintain our strategy of scalability, harmonization and customer centric action with a focus on complex, international assignments. We are geared to grow further, both organically and through acquisitions.

Malmö 21 July 2020

**Per Mandorf**

President & CEO

*This interim 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 interim report is such information that ZetaDisplay AB (publ) is required to disclose under the EU market abuse regulation and the Securities Market Act.*

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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 generated revenues of SEK 436 million in 2019 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.ir.zetadisplay.com](http://www.ir.zetadisplay.com)