

# Increased SaaS revenues, organic growth, and improved earnings before implementation of cost program

## First quarter - January – March 2020

- Net sales increased by 13 % to SEK 105.6 (93.3) million
- SaaS-revenues (recurring) increased by 25% to SEK 39.5 (31.6) million
- ARR (Annual recurring revenue) increased by 16 % to SEK 158.8 (136.6) million
- EBITDA amounted to SEK -6.2 (8.1) million
- Non-recurring costs have affected operating profit with SEK 17.1 (-) million.
- Operating profit\* amounted to SEK -15.5 (1.9) million
- Earnings per share before and after dilution amounted to -0.56 (-0.04).

## Significant events during the quarter

- ZetaDisplay updated its organization to increase scalability and international growth. The Group went from geographical to a function-based international organization effective from March.
- ZetaDisplay's Norwegian subsidiary signed orders to equip two more expedition ships from Norwegian Hurtigruten with Digital Signage solutions.
- ZetaDisplay signed new order within the existing supply agreement with Finnish gaming company Veikkaus.
- In order to proactively mitigate the impact of the COVID-19 pandemic, the Group launched a cost program with the goal of saving more than SEK 20 million over the next twelve months. Non-recurring items have affected operating profit of SEK 17.1 million, of which SEK 0.6 million relates to write-downs of capitalized expenses.

## Significant events after the quarter

- No significant events

FINANCIAL INDICATORS (TSEK)	JAN-MAR	JAN-MAR	ROLLING 12 MONTHS	JAN-DEC
	2020	2019	Q2 2019 - Q1 2020	2019
Net sales	105 554	93 307	448 378	436 131
SaaS-revenues (recurring)	39 493	31 553	145 029	137 089
Annual recurring revenue (ARR)	158 796	136 596		165 468
Gross margin (%)	54,1	52,4	52,7	52,3
EBITDA	-6 185	8 118	37 899	52 202
EBITDA-margin (%)	-5,9	8,7	8,5	12,0
Operating profit*	-15 489	1 856	-13 917	3 428
Operating margin (%)	-14,7	2,0	-3,1	0,8
Profit/loss for the period	-16 149	-1 132	24	15 041
Equity ratio (%)	33,4	45,8		34,8
Equity per share	9,39	11,85		10,03
Earnings per share before dilution (SEK)	-0,56	-0,04		0,22
Earnings per share after dilution (SEK)	-0,56	-0,04		0,22

\*Affected by items affecting comparability amounted to SEK 17.1 million. See more on page 5.

## Comments from the CEO

# Increased SaaS revenues, organic growth, and improved earnings before implementation of cost program

**SaaS-revenues increased by 25% compared to the same period last year. Annual recurring revenue (ARR) amounted to SEK 159 million, in line with the previous quarter and an increase of 16% compared to the previous year. Non-recurring costs of SEK 17.1 million have affected the operating profit for the quarter, where the majority refers to the previously announced cost program. Initiated program is expected to have an annual effect of SEK 20 million. Adjusted for non-recurring costs, EBITDA amounted to SEK 10.3 (8.1) million, corresponding to an improvement of 27%. By taking a number of activities in the Group, the effects of the COVID-19 pandemic are limited.**

Net sales for the quarter amounted to SEK 105,6 million, an increase of 13.1% compared to the same period last year. Organic growth amounted to 2.2% and 8.7% in SaaS-revenues. The increase is mainly attributable to segment Netherlands and ongoing roll-out of international projects. The share of SaaS-revenues has increased, which strengthens the gross margin. Gross profit increased by SEK 8.2 million to SEK 57.1 (48.9) million, corresponding to 54.1 (52.4)%.

EBITDA for the period amounted to SEK -6.2 (8.1) million, is affected by non-recurring costs amounting to SEK 16.5 million. The majority refers to the previously announced cost program, which will have an effect already in the next quarter. Initiated cost program is expected to have an annual effect of SEK 20 million.

## In line with expectations

The quarter has developed in line with our expectations with a limited impact of the COVID-19 pandemic. Despite challenges in the world, we have had a business that has been fully operational during the quarter. We have delivered our customer commitments and been able to support our customers in their digital transformation and created business value. Our digital work platform makes it possible to collaborate and manage customers independent office or workplace.

In Norway, we received two more orders from the shipping company Hurtigruten and in Finland an order was signed within the existing supply agreement with a subsidiary of the Finnish gaming group Veikkaus. The integration of the Dutch

acquisition Gaudi is developing according to plan and this summer the company will change its name to ZetaDisplay.

Our business is largely based on repetitive SaaS-revenues, which are generally paid quarterly in advance. Although SaaS-revenues provide a solid base for our business, we see that the uncertainty that exists in the world may affect us in the coming quarters. We may have increased customer losses, project delays or short-term reduction of SaaS-revenues for the few customers who have temporarily shut down their business. The recovery in our countries and the sectors in which our customers operate may occur at different speed.

Group management has early both analyzed and acted to mitigate the impact of COVID-19 on our business. We have divided our action plan into a short-term focus on liquidity and costs, while we continue to work on strategic priorities in the long term. We follow our customers' development closely and adapt our activities continuously.

In addition to the high proportion of repetitive revenues, our long-term financing is secured after having issued a bond of SEK 300 million during the autumn 2019. All in all, we can continue to invest in developing our offering, solutions and strategic initiatives.

We have taken important steps to grow together as an organization by gradually moving from a country- to a function-based organization. We utilize scalability and meet the market's needs for international projects, complex deliveries, advanced product concepts and innovative software solutions

## Outlook

We are an important part of our customers' digital transformation. Our assessment is that Digital Signage will remain important for our customers, but the current market situation creates uncertainty about the timing of customers' investments.

We have an attractive customer list and maintain the clear strategy that creates long-term competitive advantages with a focus on growth, develops our product and service offering, customer satisfaction, scalability, harmonisation, and internationalization. This provides us with good preconditions to develop ZetaDisplay further.

Malmö, 23 April 2020

**Per Mandorf**  
*President & CEO*

### Financial reporting dates

Annual General Meeting 2020	4 May 2020
Interim report Jan-June 2020	21 July 2020
Interim report Jan-Sep 2020	4 November 2020
Year-end report 2020	5 February 2021

### 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, expanding market for ZetaDisplay, supplying a 360-degree concept covering strategy, planning, software, hardware, installation and content production, analysis as well as technical support and services.

Today, the Group has operations in six European countries. 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 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 go 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

## Significant events during the first quarter

ZetaDisplay announced on January 16<sup>th</sup> an updated organization to increase scalability and to capture international growth. The Group went from a geographic to a function-based organization comprising Commercial, Operations, Product & Software as well as corporate functions, while maintaining its local presence. The organization is effective from March 2020.

ZetaDisplay announced on February 28<sup>th</sup> that CFO Ola Burmark will leave his position. The recruitment of a new CFO has begun, and Ola Burmark remains in service for up to five months.

ZetaDisplay announced on March 2<sup>nd</sup> that two new orders for Digital Signage has been signed by the Norwegian subsidiary with Hurtigruten AS, the world's largest expedition cruise line. The order has a value of approx. SEK 16 million over a five-year period. The project is expected to be delivered during the first quarter 2020 and is an upgrade of the Hurtigruten vessel MS Finnmarken and MS Fram. In comparison with MS Roald Amundsen and MS Fridtjof Nansen, which were recently equipped with the Group's Digital Signage solutions, MS Finnmarken and MS Fram are small-sized expedition cruise ships.

## Significant events after the first quarter

No significant events.

ZetaDisplay announced on March 20<sup>th</sup> that the Group has received a significant order within existing supply agreement for Digital Signage from the Finnish entertainment company Veikkaus. The three-year service agreement comprises installation in Feel Vegas entertainment centre in Turku. The planned installation time is July 2020 and the total contract value is estimated at 1.5 MSEK.

ZetaDisplay commented on the current market situation on March 23<sup>rd</sup>. In order to prepare for a weaker market demand in the coming months, the Group has initiated cost control measures. If the market situation continues to be demanding ZetaDisplay intends to save up to ten percent of the Group's total expenses during 2020 with an increasing effect on a twelve months basis. These activities include temporary layoffs, selected terminations, reduced travel, and consultants' costs as well as prioritization of strategic initiatives. Non-recurring items have affected operating profit of SEK 17.1 million, of which SEK 0.6 million relates to write-downs of capitalized expenses.

## Financial overview

Profit/loss items are compared with the corresponding period last year. Balance sheet items and cash flows represent the position at the end of the period and are compared with the same date last year

### First quarter January - March 2020

#### Net sales

Net sales for the quarter increased by 13.1% to SEK 105.6 (93.3) million, compared with the corresponding quarter last year. The growth is explained by acquisitions and by increased SaaS-revenues in all segments. SaaS-revenues increased by 25.2% to SEK 39.5 (31.6) million. Annual recurring revenue (ARR) increased by 16.3% to SEK 158.8 (136.6) million. Organic growth at fixed exchange rates amounted to 2.2% and organic growth in SaaS revenue was 8.7%. Of total net sales, SaaS-revenues accounted for 37.4 (33.8) %.

#### Gross profit

Gross profit amounted to SEK 57.1 (48.9) million, corresponding to a gross margin of 54.1 % (52.4). The higher gross margin is mainly explained by a larger share of SaaS-revenues.

#### Operating expenses

The cost of goods sold amounted to MSEK -48.4 (-44.4) and consists mainly of hardware and installations.

Other expenses amounted to SEK -22.0 (-13.0) million, of which SEK 6.5 million relates to non-recurring costs. Remaining increase is mainly explained by utilization of external resources.

Personnel costs amounted to SEK -44.2 (-30.3) million, of which SEK 8.7 million relates to non-recurring costs. Remaining increase is explained by the increasing number of employees that have been added to strengthening competencies centrally and acquisitions.

Depreciation amounted to SEK -9.3 (-6.3) million. The increase is explained by acquisitions and increased capitalized work for own account.

#### EBITDA

EBITDA amounted to SEK -6.2 (8.1) million, corresponding to an EBITDA margin of -5.9 (8.7)%.

EBITDA is affected by items affecting comparability attributable to non-recurring costs amounting to SEK 16.5 million. In the corresponding quarter of the previous year, there were no items affecting comparability. Adjusted for this effect, EBITDA amounted to SEK 10.3 (8.1) million, corresponding to a margin of 9.8 (8.7)%.

The Group's international growth ambitions have entailed increased overhead, both centrally and locally, but its effect with increased costs compared

to the previous quarter is offset by the improved gross margin due to a larger share of SaaS-revenues.

#### Operating profit

Operating profit amounted to SEK -15.5 (1.9) million, corresponding to an operating margin of -14.7 (2,0) %. Operating profit is affected by items affecting comparability attributable to non-recurring costs amounting to SEK 17.1 million. In the corresponding quarter of the previous year, there were no items affecting comparability. Adjusted for this effect, operating profit amounted to SEK 1.6 (1.9) million, corresponding to an operating margin of 1.5 (2.0)%.

#### Financial items

Financial items amounted to SEK -1.0 (-2.2) million. Although financial expenses have increased as a result of increased interest expenses attributable to the bond loan, the net cost has decreased. The decrease in net cost is due to increased foreign exchange gains in financial assets and liabilities.

#### Tax

The tax expense for the quarter amounted to SEK 0.3 (-0.8) million. The tax expense is high in relation to profit mainly due to that no deferred tax claim for the deficit in the parent company has been accounted for.

#### Profit and loss for the quarter

Profit for the quarter amounted to SEK -16.1 (-1.1) million. Earnings per share amounted to SEK -0.56 (-0.04) before and after dilution.

#### Cash flow

During the period, the Group generated cash flow from operating activities of SEK 25.2 (-1.3) million. Non-recurring costs adjust cash flow from operating activities by SEK 16.5 million. Cash flow from investment activities amounted to SEK -11.6 (-25.0) million, of which the payment of the contingent considerations of acquisitions amounted to SEK -7.5 (-20.9) million and investments in intangible assets amounted to SEK -3.5 (-3.3) million. Cash flow from financing activities amounted to SEK -6.3 (-7.3) million. Total cash flow during the period amounted to SEK 7.3 (-33.7) million.

### Financial position

The equity/asset ratio at the end of the period was 33.4 (45.8) %. The Group had a total of SEK 181.2 (89.4) million in cash and cash equivalents as of March 31, of which SEK 136.0 (51.4) million

### Segments

ZetaDisplay reports per segment. The segments consist of Sweden (including Denmark and other markets), Norway and Finland (including the

related to cash and cash equivalents. Net debt at the end of the period amounted to SEK -189.0 (-112.9) million.

Baltics), the Netherlands as well as segment Groupwide. A comparison for the first quarter is presented below. For financial information by segment and the period, see note 3.

### First quarter January-March 2020

Segment Sweden reports income from external customers of SEK 31.2 (23.2) million for the first quarter, corresponding to an increase of 34.6%. Growth is organic. EBITDA amounted to SEK -3.6 (-0.3) million for the quarter and the EBITDA margin was -11.2 (-1.4) %.

Segment Norway reports income from external customers of SEK 25.7 (27.3) million for the first quarter, corresponding to a decrease of 5.6%. The decrease is related to hardware, installation and other services. Acquisitions have not had an impact on income. EBITDA amounted to SEK 5.3 (6.0) million for the quarter and the EBITDA margin was 20.5 (22.1) %.

Segment Finland reports income from external customers of SEK 19.0 (29.8) million for the first quarter, corresponding to a decrease of 36.2%. The decrease is related to hardware, installation and

other services. Acquisitions have not had an impact on turnover. EBITDA amounted to SEK -3.0 (5.4) million for the quarter and the EBITDA margin was -16.0 (18.0) %.

Segment Netherlands reports income from external customers of SEK 27.0 (12.9) million for the first quarter, corresponding to an increase of 109.5%. EBITDA amounted to SEK 4.2 (2.5) million for the quarter and the EBITDA margin was 15.6 (19.2) %. The increase is explained in full by the acquisition of Gaudi.

Group-wide costs increased by 125.8% from SEK 6.4 million to SEK 14.4 million. The cost increase is related to one-off costs and increased harmonization, professionalization and internationalization of the entire group.

## Parent company

The activities of the parent company ZetaDisplay AB comprises of operations within the segment Sweden. They include also several Group-wide support functions for other segments. These include software development, sales coordination, purchasing, communications, marketing, delivery, service and support, and finance.

The parent company's net sales amounted to SEK 34.3 (22.3) million, for the first quarter. Operating profit amounted was SEK -1.9 (-3.8) million and profit after tax totalled SEK -2.0 (4.4) million.

## Other information

### Number of employees

The average number of full-time employees was 164 during the past 3-month period,

### Transactions with related parties

During the period, there have been no significant transactions to related parties except ordinary salaries and remuneration to senior executives and

### The share and shareholders

Since 4 December 2017, ZetaDisplay's shares on Small Cap at Nasdaq, the main stock exchange in Stockholm, Sweden. The share is traded under the short code ZETA. The company was previously listed on First North Premier Stockholm (from 4 April 2011).

Erik Penser Bank is liquidity guarantor for ZetaDisplay's ordinary shares. The bank has undertaken to set purchase and sale prices for these securities on an ongoing basis.

The number of shareholders of ordinary shares in ZetaDisplay amounted to 1,977 (2,002) as of

The parent Company had a total of SEK 138.4 (65.0) million in cash and cash equivalents as of March 31, of which SEK 113.0 (44.5) million related to cash and cash equivalents.

Investments in fixed assets during the period amounted to SEK 1.5 (2.3) million, of which investments in subsidiaries amounted to SEK 0.0 (0.0) million and investments in intangible assets amounted to SEK 1.5 (1.7) million.

compared with 137 for the equivalent period last year.

its companies, as well as board fees.

All transactions are deemed to be on market terms.

March 31, 2020. The shareholder structure per balance sheet date is shown in the table on the next page.

The company has two outstanding incentive programs of total 1,004,750 warrants with the right to subscribe for 1,032,250 shares in the Company. The programs refer to long-term incentive programs for staff and senior executives.

All outstanding warrants have a subscription price that exceeds the current share price and therefore no dilution in the period

SHAREHOLDER	NUMBER OF ORDINARY SHARES	SHARE OF CAPITAL %	SHARE OF VOTES %
Valeado AB (Virala Oy Ab)	3 748 651	14,0%	14,0%
Anders Pettersson	3 006 641	11,2%	11,2%
Mats Johansson	2 613 629	9,8%	9,8%
Anders Moberg	1 200 000	4,5%	4,5%
AMF Fonder	1 176 227	4,4%	4,4%
Magari Venture AS	1 100 000	4,1%	4,1%
Mats Leander	1 015 000	3,8%	3,8%
Prioritet Capital AB	812 500	3,0%	3,0%
Six Sis AG	790 029	2,9%	2,9%
Martin Gullberg	760 500	2,8%	2,8%
Leif Liljebrunn	742 628	2,8%	2,8%
Avanza Pension	645 123	2,4%	2,4%
Mikael Hägg	600 000	2,2%	2,2%
LMD Beheer B.V (previous owner Qyn B.V)	596 762	2,2%	2,2%
SEB Life International	429 503	1,6%	1,6%
Andreas Morfiadakis	427 575	1,6%	1,6%
Manu Mesimäki	313 177	1,2%	1,2%
Other shareholders	6 822 066	25,5%	25,5%
<b>TOTAL</b>	<b>26 800 011</b>	<b>100%</b>	<b>100%</b>

### Significant risks and uncertainties

The Group is exposed through its operations to various financial risks, including market risk (made up of foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management is based on minimizing unfavorable effects on its profits and financial position. The Group's business risks and risk management, and financial risks, are described in detail in the annual report for 2019, page 32-33. No significant events occurred during the period which affect or change these descriptions of the Group's risks and its handling of them.

### Financial objectives

The most important lever in our business model is the proportion of SaaS-revenues of 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 that does not increase in complexity and drives costs when the share of services is increasing.

The financial objectives are:

- SaaS-revenues exceeding MSEK 200 at the end of 2022.
- Operating income amounting to MSEK 100 at the end of 2022.
- To achieve an equity ratio in the period up to 2022 between 30 and 50%.
- Use dividends to ensure that the equity ratio does not exceed 50%.

Malmö 23 April 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. The information was submitted, on the authority of Per Mandorf for publication on 23 April at 08:00*

For further information, please contact:

Per Mandorf, President & CEO  
Phone 0704- 25 82 34  
E-mail [per.mandorf@zetadisplay.com](mailto:per.mandorf@zetadisplay.com)

Ola Burmark, CFO  
Phone 0708-21 57 86  
E-mail [ola.burmark@zetadisplay.com](mailto:ola.burmark@zetadisplay.com)

Daniel Oelker, CCO  
Phone 0708-45 80 54  
E-mail [daniel.oelker@zetadisplay.com](mailto:daniel.oelker@zetadisplay.com)

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

	3 MONTHS JAN-MAR 2020	3 MONTHS JAN-MAR 2019	12 MONTHS JAN-DEC 2019
Net turnover	105 554	93 307	436 131
Capitalized work on own account	2 904	2 476	9 756
<b>Total Revenue</b>	<b>108 458</b>	<b>95 783</b>	<b>445 887</b>
<i>Operating expenses</i>			
Goods for resale	-48 448	-44 394	-207 992
Other external expenses	-22 009	-12 991	-63 078
Personnel expenses	-44 186	-30 280	-122 615
Depreciations and write-downs	-9 304	-6 262	-48 774
<b>Operating profit</b>	<b>-15 489</b>	<b>1 856</b>	<b>3 428</b>
Financial income	6 635	1 094	29 042
Financial expenses	-7 607	-3 246	-15 809
<b>Profit/loss after financial items</b>	<b>-16 461</b>	<b>-296</b>	<b>16 661</b>
Tax	312	-836	-1 620
<b>Net profit/loss</b>	<b>-16 149</b>	<b>-1 132</b>	<b>15 041</b>
Profit/loss per share before dilution, SEK	-0,56	-0,04	0,22
Profit/loss per share after dilution, SEK	-0,56	-0,04	0,22
Average number of ordinary shares before dilution, SEK	28 798	25 484	27 828
Average number of ordinary shares after dilution, SEK	28 798	25 988	27 828

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (TSEK)

	3 MONTHS JAN-MAR 2020	3 MONTHS JAN-MAR 2019	12 MONTHS JAN-DEC 2019
<b>Profit/loss for the period</b>	<b>-16 149</b>	<b>-1 132</b>	<b>15 041</b>
Items that may later be transferred to profit/loss for the period			
Translations differences	-1 008	11 662	9 603
<b>Comprehensive income for the period</b>	<b>-17 157</b>	<b>10 530</b>	<b>24 644</b>
Attributable to shareholders in the Parent Company	-17 157	10 530	24 644

## CONSOLIDATED BALANCE SHEET - SUMMARY (TSEK)

	2020-03-31	2019-03-31	2019-12-31
<b>ASSETS</b>			
Intangible assets	473 419	422 763	474 335
Tangible assets	8 920	7 828	9 492
Right of use assets	19 662	15 710	19 358
Deferred tax assets	3 344	4 340	3 183
Financial non-current assets	169	167	130
<b>Total non-current assets</b>	<b>505 514</b>	<b>450 808</b>	<b>506 498</b>
Inventories	8 586	17 204	9 779
Current receivables	104 146	105 996	128 773
Cash and cash equivalents	136 011	51 429	128 289
<b>Total current assets</b>	<b>248 743</b>	<b>174 629</b>	<b>266 841</b>
<b>TOTAL ASSETS</b>	<b>754 257</b>	<b>625 437</b>	<b>773 339</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to shareholders in the Parent Company	251 602	286 166	268 759
<b>Total equity</b>	<b>251 602</b>	<b>286 166</b>	<b>268 759</b>
<b>Provisions</b>	<b>9 485</b>	<b>323</b>	<b>352</b>
Non-current liabilities	325 577	174 266	327 436
Current liabilities	167 593	164 682	176 792
<b>Total liabilities</b>	<b>493 170</b>	<b>338 948</b>	<b>504 228</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>754 257</b>	<b>625 437</b>	<b>773 339</b>

## CONSOLIDATED CASH-FLOW STATEMENTS (TSEK)

	3 MONTHS JAN-MAR 2020	3 MONTHS JAN-MAR 2019	12 MONTHS JAN-DEC 2019
<b>Operating activities</b>			
Operating profit	-15 489	1 856	3 428
Adjustments for depreciation and amortisation	9 304	6 262	48 774
Interest received	502	85	1 080
Interest paid	-4 260	-1 209	-10 441
Adjustment for items not included in cash flow	16 457	118	-79
Income tax paid	-1 961	-1 580	-6 234
<b>Cash flow from operating activities before changes in working capital</b>	<b>4 553</b>	<b>5 532</b>	<b>36 528</b>
<b>Change in working capital</b>			
Change in inventories	860	-3 745	5 326
Change in receivables	16 368	6 670	-17 377
Change in current liabilities	3 392	-9 753	-11 685
<b>Total change in working capital</b>	<b>20 620</b>	<b>-6 828</b>	<b>-23 736</b>
<b>Cash flow from operating activities</b>	<b>25 173</b>	<b>-1 296</b>	<b>12 792</b>
<b>Investment activities</b>			
Acquisition of subsidiaries *)	0	0	-47 354
Paid contingent consideration for acquisition of subsidiaries	-7 510	-20 876	-20 876
Acquisition of intangible assets	-3 514	-3 317	-15 589
Acquisition of tangible assets	-495	-948	-5 165
Sales of tangible assets	0	0	377
Sales of financial assets	-38	110	149
<b>Cash flow from investment activities</b>	<b>-11 557</b>	<b>-25 031</b>	<b>-88 458</b>
<b>Financing activities</b>			
Stock issue	0	4 178	39 684
Redemption preference shares	0	0	-66 697
Borrowing	0	0	300 000
Subscription warrants	0	0	1 034
Amortisation of debt	-466	-5 539	-140 929
Amortisation of lease debt	-2 228	-1 358	-7 203
Dividends paid	0	-1 364	-2 728
Change in factoring costs	-3 637	-3 253	-3 766
<b>Cash flow from financing activities</b>	<b>-6 331</b>	<b>-7 336</b>	<b>119 395</b>
<b>Cash flow for the year</b>	<b>7 285</b>	<b>-33 663</b>	<b>43 729</b>
<b>Cash and cash equivalents at start of period</b>	<b>128 289</b>	<b>83 389</b>	<b>83 389</b>
<b>Exchange rate difference</b>	<b>437</b>	<b>1 703</b>	<b>1 171</b>
<b>Cash and cash equivalents at end of period</b>	<b>136 011</b>	<b>51 429</b>	<b>128 289</b>

\*) Relates to the acquisition of Gaudi BV during 2019

**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 2019-01-01</b>	<b>24 750</b>	<b>286 342</b>	<b>5 488</b>	<b>-45 122</b>	<b>271 458</b>
<b>Changes in equity</b>					
<b>2019-01-01 - 2019-12-31</b>					
Comprehensive income for the period			9 603	15 041	24 644
<i>Transactions with shareholders:</i>					
Approved distribution of preference shares		-1 364			-1 364
Option premiums received		1 034			1 034
Redemption preference shares	-606	-66 091			-66 697
Stock issue		38 101			40 757
Issue expenses		-1 073			-1 073
<b>Closing balance 2019-12-31</b>	<b>24 144</b>	<b>256 949</b>	<b>15 091</b>	<b>-30 081</b>	<b>268 759</b>
<b>Changes in equity</b>					
<b>2020-01-01 - 2020-03-31</b>					
Comprehensive income for the period			-1 008	-16 149	-17 157
<b>Closing balance 2020-03-31</b>	<b>24 144</b>	<b>256 949</b>	<b>14 083</b>	<b>-46 230</b>	<b>251 602</b>

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

	<b>3 MONTHS JAN-MAR 2020</b>	<b>3 MONTHS JAN-MAR 2019</b>	<b>12 MONTHS JAN-DEC 2019</b>
Net sales	34 281	22 328	108 916
Capitalized work on own account	1 379	1 396	5 791
<b>Total income</b>	<b>35 660</b>	<b>23 724</b>	<b>114 707</b>
<i>Operating expenses</i>			
Goods for resale	-17 585	-10 193	-48 482
Other external expenses	-9 126	-7 716	-36 867
Personnel expenses	-9 326	-8 682	-36 257
Depreciation and amortisation	-1 492	-914	-3 722
<b>Operating profit</b>	<b>-1 869</b>	<b>-3 781</b>	<b>-10 621</b>
Result from participations in group companies	0	9 962	43 501
Interest income	7 072	1 050	3 246
Interest expenses	-7 186	-2 872	-14 263
<b>Profit/loss after financial items</b>	<b>-1 983</b>	<b>4 359</b>	<b>21 863</b>
Tax	0	0	0
<b>Profit/loss for the period*</b>	<b>-1 983</b>	<b>4 359</b>	<b>21 863</b>

\*) The profit/loss for the period for the parent company matches the comprehensive income

**PARENT COMPANY BALANCE SHEET – SUMMARY  
(TSEK)**

	2020-03-31	2019-03-31	2019-12-31
<b>ASSETS</b>			
Intangible assets	15 491	9 540	15 241
Tangible assets	3 150	1 915	3 360
Participations in group companies	373 127	395 754	373 127
Deferred tax assets	1 217	1 217	1 217
Financial non-current assets	130	130	130
<b>Total non-current assets</b>	<b>393 115</b>	<b>408 556</b>	<b>393 075</b>
Inventories	3 305	5 927	3 305
Current receivables	100 485	61 665	99 567
Cash and cash equivalents	112 984	44 524	110 401
<b>Total current assets</b>	<b>216 774</b>	<b>112 116</b>	<b>213 273</b>
<b>TOTAL ASSETS</b>	<b>609 889</b>	<b>520 672</b>	<b>606 348</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	235 440	252 474	237 423
<b>Total equity</b>	<b>235 440</b>	<b>252 474</b>	<b>237 423</b>
<b>Provisions</b>	<b>312</b>	<b>324</b>	<b>352</b>
Non-current liabilities	300 605	138 978	300 652
Current liabilities	73 532	128 896	67 921
<b>Total liabilities</b>	<b>374 137</b>	<b>267 874</b>	<b>368 573</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>609 889</b>	<b>520 672</b>	<b>606 348</b>

## Notes

### Note 1 ZetaDisplay Group

ZetaDisplay AB (publ), 556603-4434, is a Swedish public limited 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 (Publ)	556603-4434	Malmö	
ZetaDisplay Svergie 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 BV	29049518	Moordrecht	100
Gaуди International BV	71336435	Moordrecht	100
Gaуди Inc	D18921700	Baltimore	100
ProntoTV AS	981106431	Oslo	100
LiveQube AS	995543478	Oslo	100
Webpro AS	882172732	Trondheim	100
Webpro International AS	912298795	Trondheim	100

### Note 2 Accounting principles

The consolidated financial statements for 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 RFR 1 "Supplementary Accounting Rules for Groups" from the Swedish Financial Reporting Board. 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 accounting principles and calculation methods applied are in line with those described in the annual report for 2019.

During the quarter, the Group increased the credit risk reserve in accordance with IFRS 9 as a result of the current COVID-19 pandemic, as we assess

that our customers' payment abilities have weakened.

New standards and interpretations that are effective from January 1, 2020 have not had any effect on the Group's or parent company's financial statements for the interim period.

The interim report has been drawn up in compliance with IAS 34 Interim Reporting. Details required under IAS 34 are provided both in notes and elsewhere in the interim report.

The ESMA 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 page 19.

### Note 3 Segment reporting

TSEK JAN - MAR	SWEDEN		NORWAY		FINLAND		NETHERLANDS		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	SaaS-revenues (recurring)	7 800	6 930	11 618	11 306	6 115	5 940	13 960	7 377	0	0	0	0	39 493
Hardware, installation and other services	23 402	16 249	14 112	15 947	12 896	23 855	13 048	5 514	2 603	189	0	0	66 061	61 754
Internal income	585	25	0	0	0	6	109	72	2 728	744	-3 423	-847	0	0
<b>Total income</b>	<b>31 787</b>	<b>23 204</b>	<b>25 730</b>	<b>27 253</b>	<b>19 012</b>	<b>29 801</b>	<b>27 117</b>	<b>12 963</b>	<b>5 332</b>	<b>933</b>	<b>-3 423</b>	<b>-847</b>	<b>105 554</b>	<b>93 307</b>
EBITDA *)	-3 552	-325	5 276	6 033	-3 045	5 372	4 235	2 495	-9 100	-5 457	0	0	-6 185	8 118
EBITDA margin	-11,2%	-1,4%	20,5%	22,1%	-16,0%	18,0%	15,6%	19,2%					-5,9%	8,7%
Depreciation and amortisation	-596	-465	-1 923	-1 737	-948	-815	-1 675	-740	-4 546	-3 089	384	584	-9 304	-6 262
<b>Operating profit</b>	<b>-4 149</b>	<b>-790</b>	<b>3 354</b>	<b>4 296</b>	<b>-3 993</b>	<b>4 557</b>	<b>2 560</b>	<b>1 755</b>	<b>-13 646</b>	<b>-8 546</b>	<b>384</b>	<b>584</b>	<b>-15 489</b>	<b>1 856</b>
Financial income													6 635	1 094
Financial expenses													-7 607	-3 246
<b>Profit before tax</b>	<b>-4 149</b>	<b>-790</b>	<b>3 354</b>	<b>4 296</b>	<b>-3 993</b>	<b>4 557</b>	<b>2 560</b>	<b>1 755</b>	<b>-13 646</b>	<b>-8 546</b>	<b>384</b>	<b>584</b>	<b>-16 461</b>	<b>-296</b>

INTANGIBLE AND TANGIBLE ASSETS TSEK MAR	SWEDEN		NORWAY		FINLAND		NETHERLANDS		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Intangible assets	0	0	12 069	11 733	8 527	9 683	5 509	2 654	440 083	393 394	7 231	5 299	473 419
Tangible assets	3 105	4 745	5 092	8 749	6 441	1 442	8 261	3 168	5 683	5 434	0	0	28 582	23 538
<b>Total intangible and tangible assets</b>	<b>3 105</b>	<b>4 745</b>	<b>17 161</b>	<b>20 482</b>	<b>14 968</b>	<b>11 125</b>	<b>13 770</b>	<b>5 822</b>	<b>445 766</b>	<b>398 828</b>	<b>7 231</b>	<b>5 299</b>	<b>502 001</b>	<b>446 301</b>

#### FIXED ASSETS PER GEOGRAPHICAL AREA\*

	2020-03-31	2019-03-31
Sweden	24 368	20 418
Denmark	741	666
Norway	88 573	80 418
Finland	162 722	188 182
Netherlands	225 596	156 618
<b>Total fixed assets</b>	<b>502 001</b>	<b>446 301</b>

\*Does not reconcile with the breakdown of fixed assets in the segment reporting. Goodwill and other surplus values are presented in a group-wide segment to the Chief Executive Officer but is included in different geographical areas. A segment can also contain several geographical areas.

SaaS-revenues consists in the quarter of revenues that are recognized over time and hardware, installation, and other services as well as internal revenues consist of revenues that are recognized at point in time.

#### Note 4 Financial assets and liabilities

	2020-03-31	2019-03-31	2019-12-31
<b>Financial assets measured at amortized cost (Hold to Collect)</b>			
Trade accounts receivable	83 769	83 238	97 943
Contract assets	6 152	8 100	8 958
Other financial receivables	169	167	130
Cash and cash equivalents	136 011	51 429	128 289
<b>Financial assets</b>	<b>226 101</b>	<b>142 934</b>	<b>235 320</b>
<b>Financial liabilities</b>			
<i>Other financial liabilities valued at amortised cost</i>			
Liabilities to credit institutions	10 840	148 493	15 075
Debenture loan	294 955	0	294 530
Leasing liability	19 180	14 764	18 861
Liabilities to related parties	32	595	121
Trade accounts payable	32 351	46 808	40 202
<i>Financial liabilities measured at fair value</i>			
Contingent considerations relating to acquisitions	29 504	46 394	38 049
<b>Financial liabilities</b>	<b>386 863</b>	<b>257 054</b>	<b>406 838</b>

	Webpro	Gaudi	Total
<b>Contingent considerations</b>			
<b>Opening balance 2019-01-01</b>	20 312	17 737	38 049
Exchange rate changes	-1 891	856	-1 035
Payment of contingent considerations	0	-7 510	-7 510
<b>Closing balance 2019-06-30</b>	<b>18 421</b>	<b>11 083</b>	<b>29 504</b>
	<b>Webpro</b>	<b>Gaudi</b>	<b>Total</b>
Expected payment 2020	18 421	11 083	29 504
<b>Total expected payment</b>	<b>18 421</b>	<b>11 083</b>	<b>29 504</b>

The liabilities are contingent considerations relating to acquisitions.

No changes have occurred in the interval of payment dates, and the company judges it very likely that the remaining contingent considerations will be paid in 2020. The liabilities are measured at fair value and based on the growth in profits in the company in 2019 and 2020. No unrealized gains or losses have been reported in the period in relation to these liabilities in 2020 apart from foreign exchange effects.

## Alternative performance measurements

ZetaDisplay presents some financial measures in its financial reports 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 with measures used by other companies. These financial measures should therefore not be regarded as a substitute for measures defined under IFRS

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>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>Equity per share</b>	Equity divided by the number of shares outstanding at end of period.	Measure of the company's net value per share.
<b>EBITDA</b>	Operating profit excl. depreciation and amortization of tangible and intangible noncurrent assets.	EBITDA is adjusted for items that affect comparability, so the company believes this is a useful indicator of results from operating activities.
<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>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>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>Equity ration</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)	JAN-MAR 2020	JAN-MAR 2019	ROLLING 12 MONTHS Q2 2019 - Q1 2020	JAN-DEC 2019
License income	33 276	23 386	119 417	109 528
Support and other contractual services	6 217	8 167	25 611	27 561
<b>Total SaaS-revenues</b>	<b>39 493</b>	<b>31 553</b>	<b>145 029</b>	<b>137 089</b>

### ARR (ANNUAL RECURRING REVENUE)

(TSEK)	JAN-MAR 2020	JAN-MAR 2019	ROLLING 12 MONTHS Q2 2019 - Q1 2020	JAN-DEC 2019
SaaS-revenues last month in the quarter	13 234	11 383		13 789
Multiplied with 12 months	12	12		12
<b>ARR (Annual recurring revenue)</b>	<b>158 808</b>	<b>136 596</b>		<b>165 468</b>

Annual recurring revenue is not calculated on rolling 12 months as ARR is a forward-looking financial indicator, while rolling 12 months is reverse-going financial indicator.

### GROSS MARGIN

(TSEK)	JAN-MAR 2020	JAN-MAR 2019	ROLLING 12 MONTHS Q2 2019 - Q1 2020	JAN-DEC 2019
Net sales	105 554	93 307	448 378	436 131
<b>Total income</b>	<b>105 554</b>	<b>93 307</b>	<b>448 378</b>	<b>436 131</b>
<i>Operating expenses</i>				
Goods for resale	-48 448	-44 394	-209 904	-207 992
<b>Gross profit</b>	<b>57 106</b>	<b>48 913</b>	<b>238 474</b>	<b>228 139</b>
<b>Gross margin (%)</b>	<b>54,1</b>	<b>52,4</b>	<b>53,2</b>	<b>52,3</b>

### EBITDA

(TSEK)	JAN-MAR 2020	JAN-MAR 2019	ROLLING 12 MONTHS Q2 2019 - Q1 2020	JAN-DEC 2019
Operating profit	-15 489	1 856	-13 917	3 428
Depreciation and amortisation	9 304	6 262	51 813	48 774
<b>EBITDA</b>	<b>-6 185</b>	<b>8 118</b>	<b>37 896</b>	<b>52 202</b>
<b>EBITDA-margin (%)</b>	<b>-5,9</b>	<b>8,7</b>	<b>8,5</b>	<b>12,0</b>

### OPERATING MARGIN

(TSEK)	JAN-MAR 2020	JAN-MAR 2019	ROLLING 12 MONTHS Q2 2019 - Q1 2020	JAN-DEC 2019
Net sales	105 554	93 307	448 378	436 131
Operating profit	-15 489	1 856	-13 917	3 428
<b>Operating margin (%)</b>	<b>-14,7</b>	<b>2,0</b>	<b>-3,1</b>	<b>0,8</b>

### EQUITY PER SHARE

	2020-03-31	2019-03-31	2019-12-31
Equity (TSEK)	251 602	286 166	268 759
Total ordinary shares at end of period	26 800 011	24 143 717	26 800 011
Equity per share (SEK)	9,39	11,85	10,03

### EQUITY RATIO

	2020-03-31	2019-03-31	2019-12-31
Equity	251 602	286 166	268 759
Total assets	754 257	625 437	773 339
Equity ratio (%)	33,4	45,8	34,8

## 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 MSEK 436 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.zetadisplay.com](http://www.zetadisplay.com)