



ZetaDisplay [ZETA] Q3 report 2019

Increase in SaaS revenues and
continued international expansion

The Presenters



PER MANDORF.

Group CEO & President from September 2019.

- Joined ZetaDisplay in 2019.
- Experience: Managing Director of Retail Tech and Software company Visma Retail AB. Commercial Director for Retail Tech and Software company ExtendaRetail. VP/Sales Director Visma Retail AB. Nordic Retail Manager NilsonGroup, and several leading positions in Nordic retail companies.
- Shareholdings: No ordinary shares and share option rights.
- Holds a degree as Market Economist and MBA.



OLA BURMARK

CFO and responsible for Investor Relations.

- Joined ZetaDisplay in 2018.
- Experience: CFO Medivir (publ), OneMed och Aditro and SVP Finance Thule Group. Responsible for acquisition and financing at Cell Network (publ) and SCA (publ). Previous auditor at EY.
- Shareholdings: 3,750 ordinary shares. 87,500 employee share options (share option rights through an employee incentive plan 2018/21 and 2019/22).
- Holds a Master of Science in Business and Economics from Mittuniversitet.



DANIEL OELKER.

Chief Communication Officer

- Joined ZetaDisplay in 2018.
- Experience: SVP Communication & Branding for Thule Group, Hilding Anders and SCA Hygiene Products AG (Essity).
- Other assignments: Board member for SleepingWorld AB.
- Shareholdings: 30,000 ordinary shares and 87,500 share option rights (share option rights through an employee incentive plan 2018/21 and 2019/22).
- Holds an MBA and Master in Communications.

Increase in SaaS-revenues & international expansion

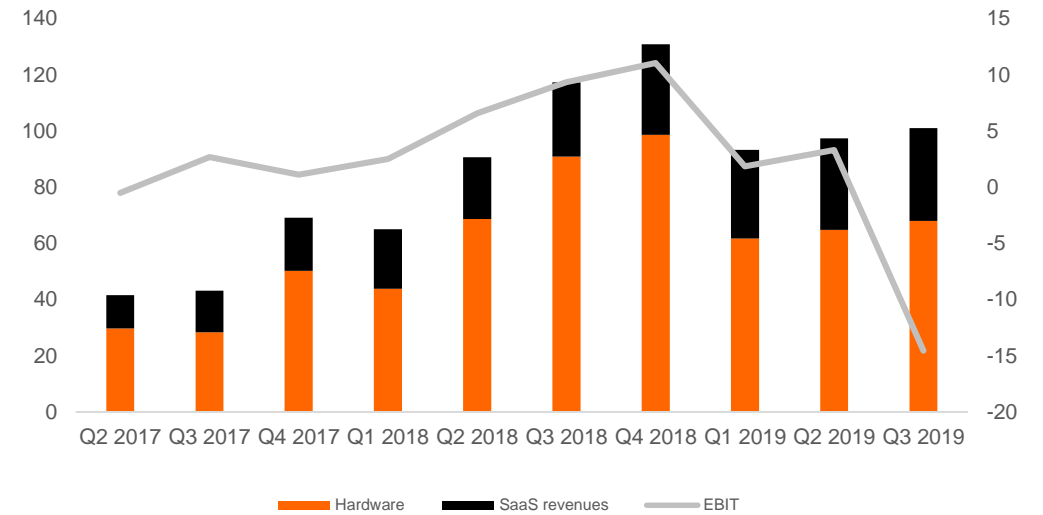
- New customers deliver in line with expectations and new contract signed with Hurtigruten
- Bond loan of SEK 300 million issued – secures further expansion of the group, both organically and through acquisitions
- Preference shares repaid and de-listed
- Brand consolidation ongoing – QYN BV is now ZetaDisplay Netherlands, triggers write-down
- After the quarter: Gaudi BV acquired to be incorporated into ZD Netherlands



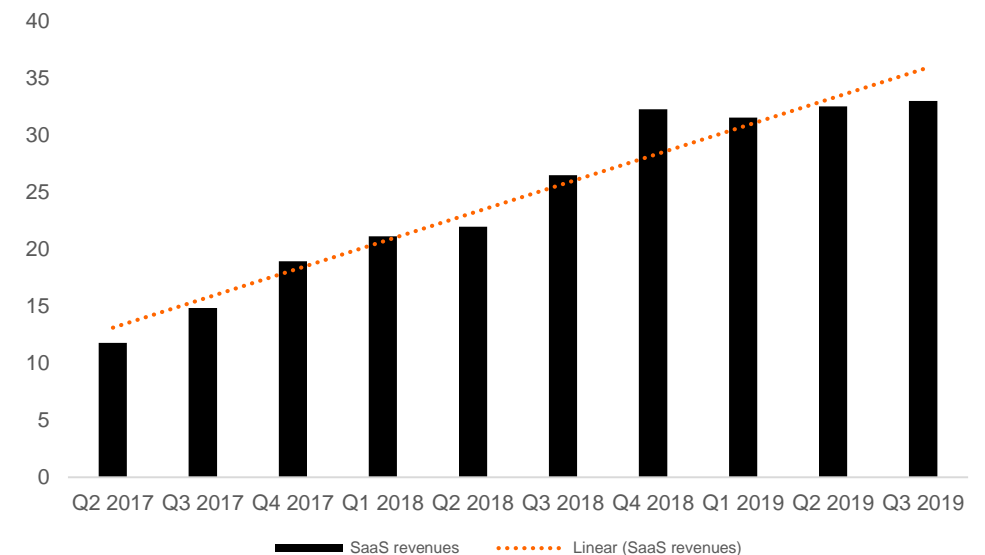
Q3/2019 – financial highlights

- Net sales decreased by 14% to SEK 101.1 (117.4) million
- SaaS-revenues (repetitive) 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)

Sales & Profit development (MSEK)



SaaS revenues





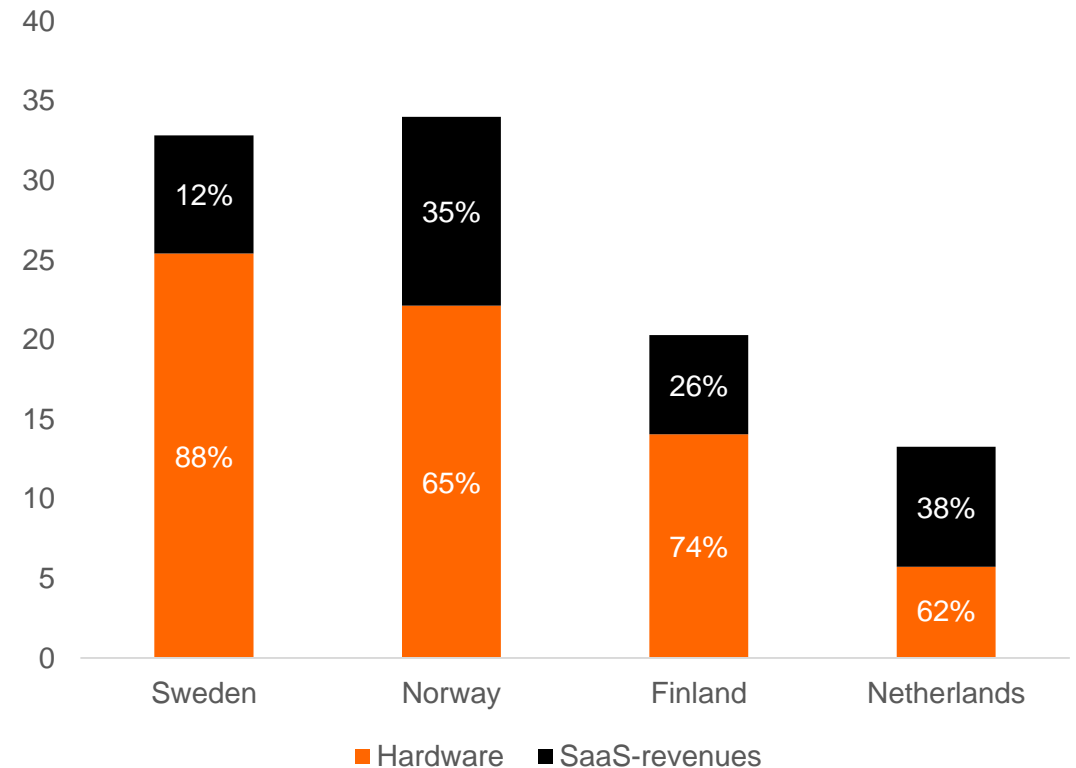
Annual Recurring Revenues (ARR) as additional key ratio

- Acknowledgement of our increasing base of SaaS revenues
- Describes the sales of recurring revenues for the last month of the quarter converted to 12 months
- A SaaS-company key ratio

Q3/2019 – segment reporting

- Sweden reported net sales of SEK 32.8 million (60.0), a decline of 45.2%
 - EBITDA during the quarter amounted to SEK 2.2 (4.5) million
- Norway shows net turnover of SEK 34.0 (20.6) million, a growth of 65%
 - EBITDA was at SEK 9.7 (6.6) million
- Finland showed net sales of SEK 20.3 (21.5) million, a decline of -0.6%
 - EBITDA of SEK 1.4 (2.2) million
- Netherlands had net sales of SEK 13.3 (14.7) million, a decrease of -0.9%
 - EBITDA of SEK 4.6 (4.9) million
- Group-wide costs increased by 22.8% from MSEK 6.1 to 7.5. The cost increase is related to increased harmonization, professionalization and internationalization of the entire group.

Q3 2019 segment sales (MSEK)



FINANCIALS IN DETALS

Ola Burmark (CFO)

Q3 2019 – key ratios in overview

FINANCIAL INDICATORS (TSEK)

	JUL-SEP 2019	JUL-SEP 2018	JAN-SEP 2019	JAN-SEP 2018	ROLLING 12 MONTHS Q4 2018 - Q3 2019	JAN-DEC 2018
Net sales	101 063	117 371	291 813	273 164	422 750	404 101
SaaS-revenues (recurring)	33 006	26 498	97 103	69 620	129 390	101 907
Annual recurring revenue (ARR)	135 828	108 600	135 828	108 600		129 828
Gross margin (%)	50,8	37,6	52,3	47,3	49,3	45,7
EBITDA*	13 232	14 146	30 994	32 059	47 090	48 155
EBITDA-margin (%)	13,1	12,1	10,6	11,7	11,1	11,9
Operating profit	-14 531	9 346	-9 358	18 480	1 713	29 551
Operating margin (%)	-14,4	8,0	-3,2	6,8	0,4	7,3
Profit/loss for the period	14 148	7 461	13 155	5 979	32 752	25 576
Equity ratio (%)	36,9	42,7	36,9	42,7		42,9
Equity per share	10,31	10,89	10,31	10,89		11,24
Earnings per share before dilution (SEK)	0,29	0,24	0,16	0,08		0,87
Earnings per share after dilution (SEK)	0,29	0,24	0,16	0,08		0,85

Q3/2019 - profit & loss statement

- Net sales for the quarter decreased by 14% to SEK 101.1 (117.4) million, compared with the corresponding quarter last year.
- SaaS-revenue increased by 25% and amounted to 33.0 (26.5) MSEK.
- ARR (Annual recurring revenue) amounted to SEK 135,8 (108,6) million, an increase by 25%.
- Gross profit amounted to SEK 51.4 (44.1) million, corresponding to a gross margin of 50.8 (37.6)%.
- Operating profit amounted to SEK -14.5 (9.3) million. Write-downs of trademarks amounted to SEK 20.9 million.
- Financial items amounted to SEK 24.4 (-0.3) million. Revaluations of additional considerations (earn-outs) amounted to SEK 26,1 million

(TSEK)

	3 MONTHS JUL-SEP 2019	3 MONTHS JUL-SEP 2018	9 MONTHS JAN-SEP 2019	9 MONTHS JAN-SEP 2018	12 MONTHS JAN-DEC 2018
Net turnover	101 063	117 371	291 813	273 164	404 101
Capitalized work on own account	2 084	2 248	6 788	6 918	8 061
Total Revenue	103 147	119 619	298 601	280 082	412 162
<i>Operating expenses</i>					
Goods for resale	-49 704	-73 257	-139 150	-144 086	-219 421
Other external expenses	-13 604	-10 569	-41 830	-33 132	-46 605
Personnel expenses	-26 607	-21 647	-86 627	-70 805	-97 981
Depreciations and write-downs	-27 763	-4 800	-40 352	-13 579	-18 604
Operating profit	-14 531	9 346	-9 358	18 480	29 551
Financial income	26 654	925	28 355	1 886	14 701
Financial expenses	-2 262	-1 221	-7 468	-9 121	-10 708
Profit/loss after financial items	9 861	9 050	11 529	11 245	33 544
Tax	4 287	-1 589	1 626	-5 266	-7 968
Net profit/loss	14 148	7 461	13 155	5 979	25 576
Profit/loss per share before dilution, SEK	0,29	0,24	0,16	0,08	0,87
Profit/loss per share after dilution, SEK	0,29	0,24	0,16	0,08	0,85
Average number of common shares before dilution, SEK	28 043	25 328	27 289	22 306	23 144
Average number of common shares after dilution, SEK	28 276	25 847	27 519	22 826	23 666

Balance sheet

- Intangible assets of SEK 410.1 (411.6) million. Decrease of SEK 1.0 million explained mainly write-down of trademarks of SEK 20.9 million, exchange rate differences in Goodwill valuation and capitalized own development of SEK 9.2 million.
- Right of use assets of MSEK 18.2 due to implementation of IFRS 16. Liabilities have increased by approximately the same amount
- Cash and undrawn credit facilities of SEK 164,5 (47,1) million.
- Net debt of MSEK 168.5 (73.8)
- Equity ratio of 37 (43) %

(TSEK)

	2019-09-30	2018-09-30	2018-12-31
ASSETS			
Intangible assets	410 138	424 097	411 551
Tangible assets	8 209	8 142	7 539
Right of use assets	18 192	0	0
Deferred tax assets	2 634	2 844	4 589
Financial non-current assets	130	383	274
Total non-current assets	439 303	435 466	423 953
Inventories	18 334	14 565	13 373
Current receivables	113 241	116 345	111 512
Cash and cash equivalents	164 495	47 189	83 389
Total current assets	296 070	178 099	208 274
TOTAL ASSETS	735 373	613 565	632 227
EQUITY AND LIABILITIES			
Equity attributable to shareholders in the Parent Company	271 000	261 700	271 458
Total equity	271 000	261 700	271 458
Provisions	346	266	272
Non-current liabilities	323 766	174 096	182 387
Current liabilities	140 261	177 503	178 110
Total liabilities	464 027	351 599	360 497
TOTAL EQUITY AND LIABILITIES	735 373	613 565	632 227

Cash-flow statement

- Cash-flow from operating activities amounted to SEK -5.4 (5.2) million
- Changes in working capital of MSEK -27.0 (-22.8 .)
- Investments driven by additional considerations paid during the year
- Financing activities driven by new bond loan and amortizations of old loans, redemption of preference share and new share issue during 2019. 2018 comprise of amortizations during the nine months and new share issue.

	9 Months JAN-SEP 2019	9 Months JAN-SEP 2018
<i>Operating activities</i>		
Cash-flow from operating activities before changes in working capital	21 676	27 963
Cash-flow from changes in working capital	-27 045	-22 798
Cash-flow from operating activities	-5 369	5 165
<i>Investing activities</i>		
Cash-flow from investing activities	-35 607	-65 141
<i>Financing activities</i>		
Cash-flow from financing activities	119 483	50 607
Cash-flow for the period	78 507	-9 369
Cash and cash equivalents at the beginning of the period	83 389	58 771
Exchange rate differences	2 599	-2 213
Cash and cash equivalents at the end of the period	164 495	47 189

Share ownership End September 2019

- The existing outstanding preference shares were delisted during August after the AGM's decision on redemption
- The total number of shares end September amounted to 26 275 044
- After the quarter, 524 967 ordinary shares have been subscribed as effect of the final subscription period for the ZETA TO 1 option program.

SHAREHOLDER	NUMBER OF ORDINARY SHARES	TOTAL SHARES	SHARE OF CAPITAL %	SHARE OF VOTES %
Valeado AB (Virala Oy AB)	3 748 651	3 748 651	14,3%	14,3%
Anders Pettersson	2 713 567	2 713 567	10,3%	10,3%
Mats Johansson	2 563 468	2 563 468	9,8%	9,8%
Prioritet Capital AB	1 212 500	1 212 500	4,6%	4,6%
AMF Fonder	1 113 000	1 113 000	4,2%	4,2%
Magari Venture AS	1 100 000	1 100 000	4,2%	4,2%
Anders Moberg	1 056 251	1 056 251	4,0%	4,0%
Mats Leander	1 000 000	1 000 000	3,8%	3,8%
Martin Gullberg	800 000	800 000	3,0%	3,0%
Leif Liljebrunn	708 018	708 018	2,7%	2,7%
Nordea Fonder	616 215	616 215	2,3%	2,3%
LMD Beheer B.V (previous owner Qyn B.V)	596 762	596 762	2,3%	2,3%
Mikael Hägg	590 274	590 274	2,2%	2,2%
Avanza Pension	583 931	583 931	2,2%	2,2%
Six Sis AG	533 107	533 107	2,0%	2,0%
SEB Life International	421 503	421 503	1,6%	1,6%
Manu Mesimäki	313 177	313 177	1,2%	1,2%
Other shareholders	6 604 620	6 604 620	25,1%	25,1%
TOTAL	26 275 044	26 275 044	100%	100%

The investment cornerstones

What we do

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 offices. 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.

Our business model

We operate a business model consisting of project, consulting and SaaS revenues. Our customer agreements are at least three years long and we take pride in a low customer churn rate. Our recurring revenues are constantly on the rise and correspond to 33% of net sales.

How we stand out

- We have in-depth customer insight and create value adding digital communication concepts
- We offer an “easy to work with” content management system (CMS) that can be scaled according to customer needs. We generate automated as well as tailor-made contents which is distributed via the cloud to a disperse installation base.
- We are experts in delivering connectivity to our customers' digital eco system creating a seamless Digital Signage experience via standardized API's.
- We take pride in flawless 24/7 customer support with first line, second line and third line global support processes.

A close-up photograph of a person's eye, heavily adorned with vibrant, multi-colored makeup. The eyelids are painted with a rainbow gradient, and the eyelashes are coated in a thick layer of colorful glitter and pigment. The surrounding skin is also covered in a fine spray of multi-colored glitter, creating a festive and eye-catching effect.

Thank you for your attention!

Ticker symbol [ZETA]
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