

Year End Report

January - December 2018

Leif Liljebrunn
CEO

Our footprint

6
CONTINENTS

50
COUNTRIES

50 000
DISPLAYS

=

GLOBAL
COVERAGE



Mercedes-Benz

TELE2



ST1



Audi



ŠKODA



Volkswagen



SUBARU



AniCura



netonnet

KESKO



Electrolux Home

randstad

INTERSPORT

postnord

ING



mio



HESBURGER

XXL



Profoto
The Light Shaping Company

SWEDISH MATCH

HURTIGRUTEN

stadium



sodexo
QUALITY OF LIFE SERVICES



Rijnstate

FLYTOGET
AIRPORT EXPRESS

Our business model – Thinking beyond the screen

Concept Development

Technical platform
Interaction design
Vertically integrated product solutions
Content creation
Training & support

Project earnings

Deployment

Screens
Players
Cables
Installation

One-time earnings

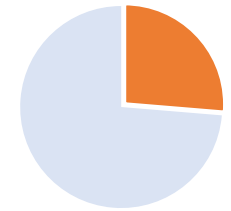
Aftermarket

Customer Support
Product Development
Knowledge Transfer
Financial Services
Content creation
Channel management



Recurring license earnings

Hardware & installation

Contracted services



Contracted services
HW & installation

 ZD primary competences
 Hardware & installation

Two main customer avenues



Retail point of sales solutions



Organizational Communication solutions

A strong fourth quarter and strong full year 2018

- Significant inroads achieved with key customers across all markets
- A step change regarding increase of contracted services
- Strategy process installed to drive professionalization, harmonization and internationalization
- Participating in international tenders



Quarter 4/2018 in summary

- The largest Digital Signage roll-out in the Nordics completed successfully
- Additional orders for two vessels of the Hurtigruten line
- Digital Signage contract for 44 CityGross grocery stores
- Appointment of new Managing Director Finland
- Appointment of VP International Business



Significant events after 2018

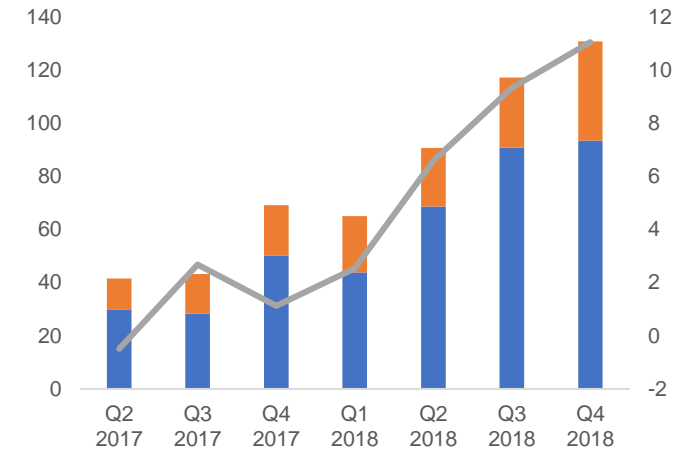
- Finish Virala Oy Ab is now ZetaDisplay's largest shareholder
- Digital Signage tender won for Ruter, the public transportation company of Oslo and Akershus
- The Board adopted new financial objectives



Q4/2018 – financial highlights

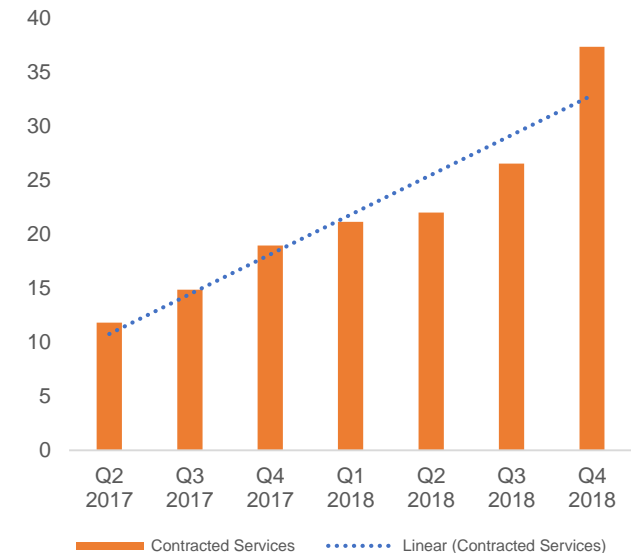
- Net turnover increased by 89% to MSEK 130.9 (69.3)
- Contract services (recurring) increased by 97% to MSEK 37.3 (18.9)
- Organic growth of 59%
- EBITDA totalled MSEK 16.1 (4.7)
- The operating profit was MSEK 11.1 (1.1)
- Earnings per share before and after dilution were SEK 0.72 (-0.22) and 0.70 (-0.22) respectively

Sales & Profit development (MSEK)



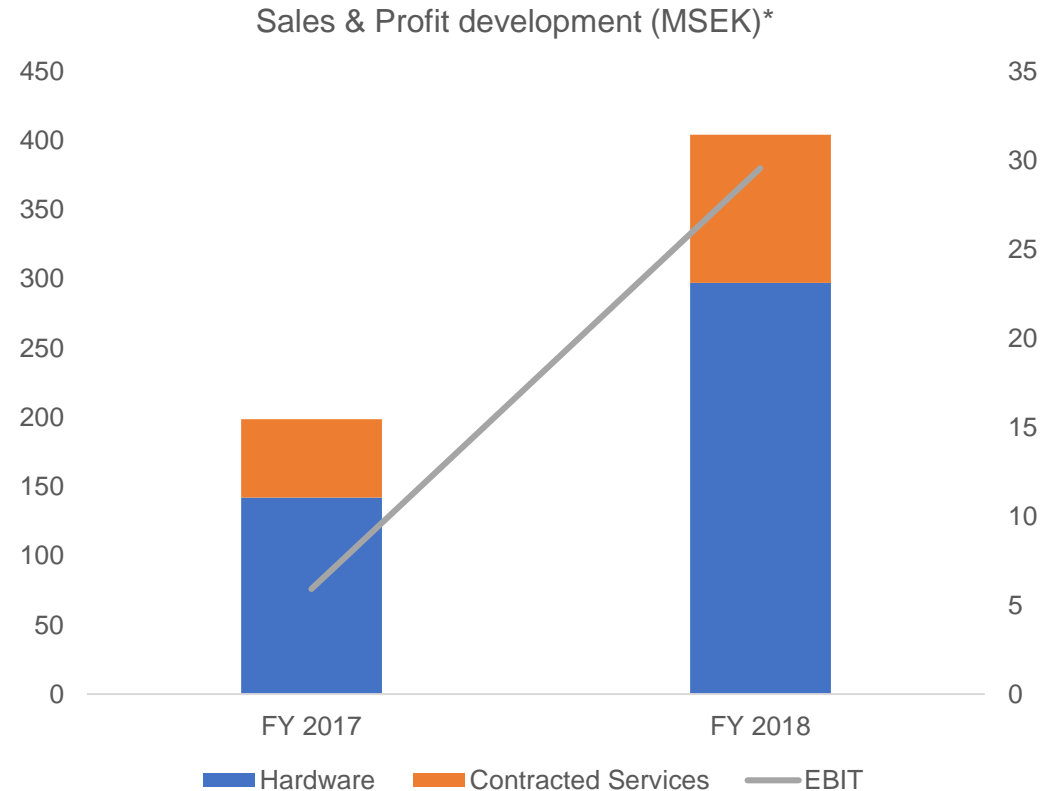
Hardware Contracted Services EBIT

Contracted Services



Full year 2018 – financial highlights

- Net turnover increased by 103% to MSEK 404.1 (198.7)
- Contract services (recurring) increased by 89% to MSEK 106.9 (56.7)
- Organic growth yoy of 39%
- EBITDA totalled MSEK 48.1 (17.0)
- Operating profit of MSEK 29.6 (5.9)
- Earnings per share before and after dilution were SEK 0.87 (-0.49) and 0.85 (-0.49) respectively



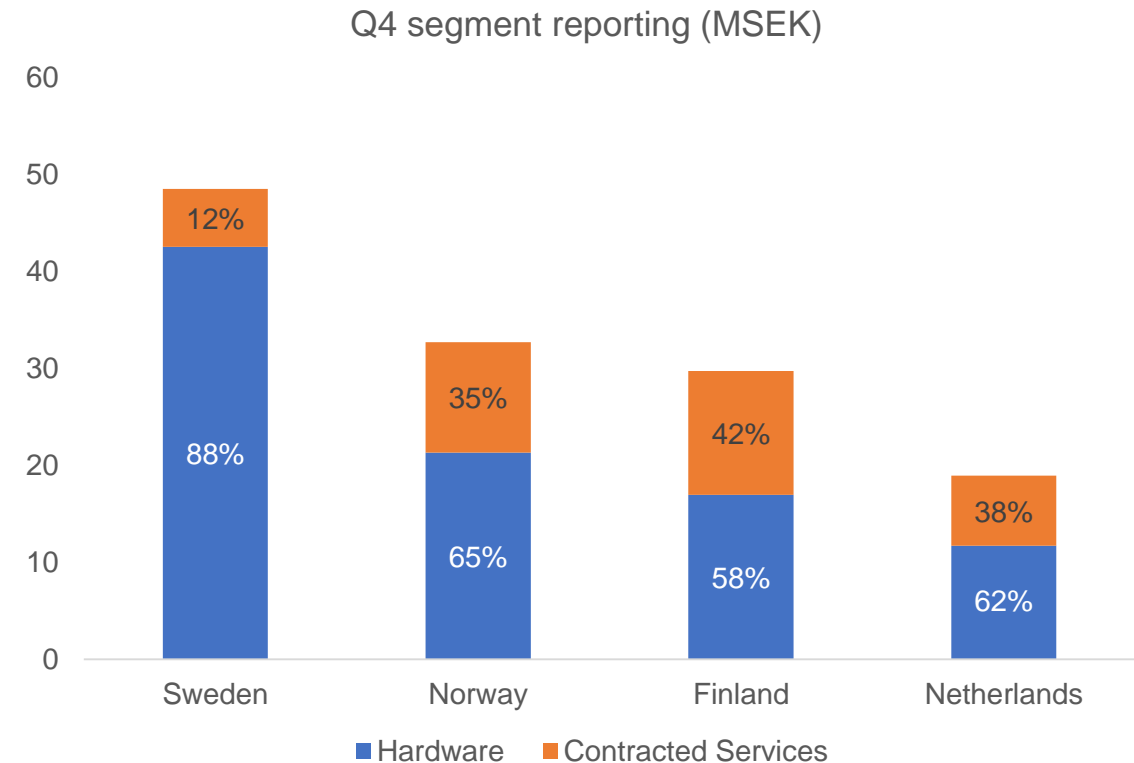
* Sales split divided in hardware and contracted services only available from 2017

2018 – key ratios in overview

| | OCT-DEC 2018 | OCT-DEC 2017 | JAN-DEC 2018 | JAN-DEC 2017 |
|--|-----------------|-----------------|-----------------|-----------------|
| Net sales | 130 937 | 69 228 | 404 101 | 198 712 |
| Contracted services (recurring) | 37 321 | 18 938 | 106 941 | 56 659 |
| Gross margin (%) | 42,5 | 56,0 | 45,7 | 56,0 |
| EBITDA | 16 096 | 4 729 | 48 155 | 17 026 |
| EBITDA-margin (%) | 12,3 | 6,8 | 11,9 | 8,6 |
| Operating profit | 11 071 | 1 127 | 29 551 | 5 917 |
| Operating margin (%) | 8,5 | 1,6 | 7,3 | 3,0 |
| Profit/loss for the period | 19 597 | -2 575 | 25 576 | -1 927 |
| Equity ratio (%) | 42,9 | 34,0 | 42,9 | 34,0 |
| Equity per share | 11,24 | 8,76 | 11,24 | 8,76 |
| Earnings per share before dilution (SEK) | 0,72 | -0,22 | 0,87 | -0,49 |
| Earnings per share after dilution (SEK) | 0,70 | -0,22 | 0,85 | -0,49 |

Q4/2018 – segment reporting

- Sweden with completed ATG implementation (MSEK30.5), a growth of 308%
 - EBITDA during the quarter amounted to 4.1 (-0.7) MSEK
- Norway shows net turnover of 32.7 (20.7) MSEK, a growth of 58.0%
 - EBITDA at 7.4 (4.5) MSEK
- Finland with net turnover of 30.1 (27.2) MSEK, a growth of 10.7%
 - EBITDA of 2.2 (5.3) MSEK
- Netherlands consolidated since Q4/2017. Turnover of 18.9 (9.5) MSEK
 - EBITDA of 6.5 (3.1) MSEK



Sweden –ATG deployment completed successfully

- The largest digital signage roll-out ever in the Nordics
- Roll-out completed on time and on budget
- Project time of seven months and 5,000 programming hours
- Deployment of 7,000 installations at 2,000 agents
- Step change for the Swedish organization with increased level of contracted services in 2019



Raising the bar with updated financial objectives

The background

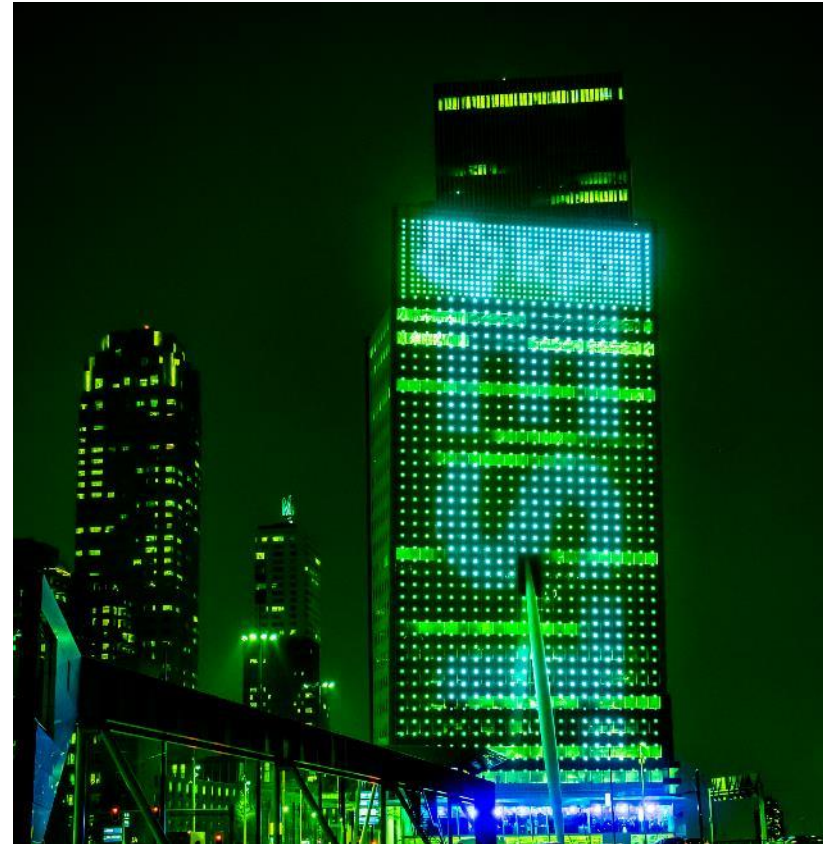
- Financial objectives partly achieved
- Financial objectives emphasize overall strategic direction
 1. Focus on contracted services
 2. Focus on customer centricity
 3. Focus on scalable operations

2019 financial objectives

- Contracted services exceeding MSEK 200 at the end of 2022
- Operating income amounting to SEK 100 million 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/assets ratio does not exceed 50%

Looking ahead – well positioned

- An international service company within Digital Signage with 140 colleagues at eight offices in six countries
- We are a European leader and intend to build our position further in the coming years
- Well-positioned with a clear strategic direction to fulfil external expectations



A close-up photograph of a person's face, focusing on the eye and cheek area. The person has vibrant pink hair and is wearing elaborate makeup consisting of bright pink and blue pigments, some of which are being applied with a brush. The background is a soft, out-of-focus grey.

FINANCIALS IN DETALS

Ola Burmark (CFO)

Q4/2018 - profit & loss statement

- Fourth quarter net turnover increased by 89% and reached MSEK 130.9 (69.3) and Full year an increase by 103% and reached MSEK 404.1 (198.7)
- Fourth quarter absolute gross profit amounted to MSEK 55.6 (38.7) and MSEK 184.7 (112.0). Representing an increase of 44% and 65% respectively.
- Operating profit (EBIT) of MSEK 11.1 (1.1), an increase of MSEK 10 in the fourth quarter and amounted to MSEK 33.5 (1.7) for the full year, an increase of MSEK 31.8
- Financial items positively impacted by an one-time effect of MSEK 10.3 referring to revaluation of provisions for additional considerations in 2020.

| | 3 MONTHS OCT-DEC 2018 | 3 MONTHS OCT-DEC 2017 | 12 MONTHS JAN-DEC 2018 | 12 MONTHS JAN-DEC 2017 |
|--|-----------------------------|-----------------------------|------------------------------|------------------------------|
| Net turnover | 130 937 | 69 228 | 404 101 | 198 712 |
| Total Revenue | 130 937 | 69 228 | 404 101 | 198 712 |
| <i>Operating expenses</i> | | | | |
| Goods for resale | -75 335 | -30 515 | -219 421 | -86 700 |
| Other external expenses | -13 473 | -14 537 | -46 605 | -40 665 |
| Personnel expenses | -26 033 | -19 447 | -89 920 | -54 321 |
| Depreciations | -5 025 | -3 602 | -18 604 | -11 109 |
| Operating profit | 11 071 | 1 127 | 29 551 | 5 917 |
| Interest income | 12 815 | 643 | 14 701 | 1 905 |
| Interest expense | -1 587 | -2 524 | -10 708 | -6 127 |
| Profit/loss after financial items | 22 299 | -754 | 33 544 | 1 695 |
| Tax | -2 702 | -1 821 | -7 968 | -3 622 |
| Net profit/loss | 19 597 | -2 575 | 25 576 | -1 927 |
| Profit/loss per share before dilution, SEK | 0,72 | -0,22 | 0,87 | -0,49 |
| Profit/loss per share after dilution, SEK | 0,70 | -0,22 | 0,85 | -0,49 |
| Average number of common shares before dilution, SEK | 25 484 | 17 975 | 23 144 | 15 057 |
| Average number of common shares after dilution, SEK | 25 981 | 18 531 | 23 666 | 15 512 |

Balance sheet

- Intangible assets of MSEK 411.5 (349.6)
Increase of MSEK 61.9 explained by acquisition of Webpro and capitalized own development of MSEK 9.8
- Cash and undrawn credit facilities of MSEK 110.3 (72.3)
- Net debt of MSEK 73 (90)
- Equity ratio of 43 (34) %

CONSOLIDATED BALANCE SHEET - SUMMARY (TSEK)

| | 2018-12-31 | 2017-12-31 |
|---|----------------|----------------|
| ASSETS | | |
| Intangible assets | 411 551 | 349 586 |
| Tangible assets | 7 539 | 7 716 |
| Deferred tax assets | 4 589 | 5 588 |
| Financial non-current assets | 274 | 684 |
| Total non-current assets | 423 953 | 363 574 |
| Inventories | 13 373 | 11 940 |
| Current receivables | 111 512 | 58 662 |
| Cash and cash equivalents | 83 389 | 58 771 |
| Total current assets | 208 274 | 129 373 |
| TOTAL ASSETS | 632 227 | 492 947 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to shareholders in the Parent Company | 271 458 | 168 508 |
| Total equity | 271 458 | 168 508 |
| Provisions | 272 | 292 |
| Non-current liabilities | 182 387 | 164 398 |
| Current liabilities | 178 110 | 159 749 |
| Total liabilities | 360 497 | 324 147 |
| TOTAL EQUITY AND LIABILITIES | 632 227 | 492 947 |

Cash-flow statement

- Cash-flow from operating activities amounted to MSEK 39.2 (10.3) an increase by 28,9 MSEK
- Changes in working capital of MSEK -13.2 (1.3)
- Investments driven by acquisitions and additional considerations paid during the year
- New issue in June, 2018 of MSEK 74.5

| | 12 Months JAN-DEC 2018 | 12 Months JAN-DEC 2017 |
|---|------------------------------|------------------------------|
| <i>Operating activities</i> | | |
| Cash-flow from operating activities before changes in working capital | 39 169 | 10 239 |
| Cash-flow from changes in working capital | -13 129 | 1 271 |
| Cash-flow from operating activities | 26 040 | 11 510 |
| <i>Investing activities</i> | | |
| Cash-flow from investing activities | -78 054 | -116 914 |
| <i>Financing activities</i> | | |
| Cash-flow from financing activities | 75 941 | 134 091 |
| Cash-flow for the period | 23 927 | 28 687 |
| Cash and cash equivalents at the beginning of the period | 58 771 | 29 657 |
| Exchange rate differences | 691 | 427 |
| Cash and cash equivalents at the end of the period | 83 389 | 58 771 |

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 thick, colorful mascara. The surrounding skin is covered in fine, multi-colored glitter and dust, creating a festive and artistic look.

Thank you for your attention!

Ticker symbol [ZETA]
[@nasdaqomxnordic.com](https://twitter.com/nasdaqomxnordic)