

# A quarter with strong organic growth

## First quarter – January - March 2019

- Net sales increased by 43% to SEK 93.3 (65.0) million
- Contracted services (recurring) increased by 49% to SEK 31.6 (21.1) million
- EBITDA amounted to 8.1 (6.9) million
- Operating profit was 1.9 (2.5) million
- Earnings per share before and after dilution amounted to SEK-0.04 (-0.25) and SEK-0.04 (-0.25)

## Significant events during the quarter

- Finnish Viral Oy Ab increased its shareholding in the company and is now ZetaDisplay's largest shareholder.
- The Norwegian subsidiary was awarded the contract for delivery of Digital Signage solutions for the Oslo and Akershus public transport company, Ruter. The contract value is estimated at NOK 20 million.
- ZetaDisplay has adopted updated financial targets that include growth ambitions in contracted services and operating profit, as well as guidelines for equity and expected dividends.

## Significant events after the quarter

- Leif Liljebrunn, President and CEO of ZetaDisplay, will take up a new role as Vice President Mergers & Acquisitions at ZetaDisplay. The company has started the recruitment process for a new CEO. Leif Liljebrunn will continue to act as President and CEO until a successor will be in place.
- In order to part-finance the repayment of the company's preference shares, the Board of Directors, on the basis of the authorization received at the annual general meeting on 21 May 2018, has decided on a rights issue of 1 600 000 new ordinary shares at a subscription price of SEK 19 per ordinary share. This means that the company has added funds SEK 30.4 million before issue costs. Virala Oy AB increases its holding further and controls now 14.1% of the votes.
- ZetaDisplay has signed a five-year global Framework Agreement for Digital Signage Solutions with the Norwegian furniture group Ekornes AS. The agreement refers to shop-in-shop solutions for Ekornes Global retail network of approximately 3 500 outlets in 43 countries. 2019, the annual roll-out is estimated at a sales value of approximately SEK 15 million.

### FINANCIAL INDICATORS (TSEK)

|  | JAN-MAR<br>2019 | JAN-MAR<br>2018 | ROLLING 12<br>MONTHS<br>Q2 2018 -<br>Q1 2019 | JAN-DEC<br>2018 |
|--|-----------------|-----------------|--|-----------------|
| Net sales                                | 93 307          | 65 038          | 432 370                                      | 404 101         |
| Contracted services (recurring)*         | 31 553          | 21 131          | 112 329                                      | 101 907         |
| Gross margin (%)*                        | 52,4            | 60,6            | 44,9   | 45,7            |
| EBITDA*                                  | 8 118           | 6 876           | 49 397                                       | 48 155          |
| EBITDA-margin (%)*                       | 8,7             | 10,6            | 11,4   | 11,9            |
| Operating profit*                        | 1 856           | 2 532           | 28 875                                       | 29 551          |
| Operating margin (%)*                    | 2,0             | 3,9             | 6,7  | 7,3             |
| Profit/loss for the period               | -1 132          | -3 622          | 28 066                                       | 25 576          |
| Equity ratio (%)*                        | 45,8            | 36,5            |  | 42,9            |
| Equity per share*                        | 11,85           | 9,46            |  | 11,24           |
| Earnings per share before dilution (SEK) | -0,04           | -0,25           |  | 0,87            |
| Earnings per share after dilution (SEK)  | -0,04           | -0,25           |  | 0,85            |

\* Performance measures not defined under IFRS. For definitions, rationale and reconciliation, see pages 18-19.

## CEO comment

# A quarter with strong organic growth

**Sales increased by 43% to SEK 93.3 (65.0) million during the first quarter. The group's gross profit increased by SEK 9.5 million and the operating profit amounted to 1.9 (2.5) million. Contracted Services increased by 49% to 31.6 (21.1) and the organic growth was 33%.**

We leave the first quarter of 2019 behind us with continued strong organic growth, focus on contracted services and the implementation of strategic initiatives as important success factors. Regarding new customers, we have been able to sign a contract with the public transport company for Oslo and Akershus, Ruter. The deployment of Digital Signage installations at 44 CityGross grocery stores has been finalized in Sweden.

Demand in all markets has been good and the organization has worked consistently to increase the proportion of contracted services, which is in line with our strategy. Last year's major customer ATG has switched to daily operational mode that is reflected in increased recurring revenues for the segment Sweden. Contracted services increased by 49% corresponding to the same quarter previous year. Compared to rolling twelve months, they increased by 10.2%.

During the quarter, we achieved a slight recovery of the gross margin compared to the full year 2018. As implementation projects become larger and more complex, the amount of merchandised goods increases at the expense of the price. It is therefore important that the total gross profit in absolute terms increases. During the quarter it grew about SEK 9.5 million compared to the same period during the previous year.

We are growing together with existing and new customers. To meet the demand, we have increased the number of employees. New recruitments have taken place in the business segments in sales and project management. Group-wide functions have also been expanded to drive professionalization, internationalization and harmonization. Today, we are on average 137 employees,

We see an increased demand for our offer from internationally established chains and brands. Through our international presence we are uniquely positioned to meet this demand. We are currently concentrating our efforts to scalable turnkey solutions to this customer category, no matter where they are in the world.

## Development per segment

We focus on three customer segments: communication to the consumer, communication in a public environment and communication in the workplace. Demand is strong in all areas; however, our strengths differ from market to market.

The Norwegian operations have recently been able to win contracts for larger projects in the public environment. During the quarter, a contract was awarded for the municipal transport company in Oslo and Akershus, Ruter. These assignments usually include a high degree of technical and implementation complexity which often leads to close and long-term relationships with the customer.

In Sweden, the number of deployed installations doubled during last year which, together with the acquisition of the international customer base in Webpro, drives the increase in revenues for Contracted Services. In addition, the implementation work for the grocery store chain CityGross was completed. After the end of the quarter, we communicated a new global contract for the Norwegian Ekornes Group.

In Finland, we have successfully driven new sales and work with the existing customer base. The increase in sales is the result of a number of factors, including a replacement installation in the restaurant sector.

Our organization in the Netherlands has not carried out major implementation projects during the quarter. The team has a contracted continuous customer base, primarily within corporate communications and for the retail sector, where contracted services with good margins are a recurring feature of the business model.

## New majority shareholder, new financial targets

During the quarter, Finnish Viral Oy AB became ZetaDisplay's largest shareholder. It is for the first time in the company's history that an institutional owner is the dominant shareholder. This change and the strong institutional interest in connection with the rights issue in early April is a proof of confidence in the company and its strategy.

Prior to April, the Board decided on new financial targets for the company until 2022. The updated

targets link continued growth more closely to the company's focus on contracted services, which increases both long-term profitability and predictability. Growth is expected to be mainly organic, complemented by smaller acquisitions, which requires an efficient use of the leverage. The new share rights issue after the end of the quarter is intended to repay the preference shares.

### Looking ahead

It was communicated after the end of the quarter that I will take the role of head of Merger & Acquisitions once a new CEO for ZetaDisplay will be in place.

The company's history is characterized by continuity and entrepreneurial spirit, growth and a focus on building on an installed base of contracted services. I have been CEO of ZetaDisplay for the past ten years and I am confident that these principles will be further refined in the coming years.

Market demand is there, we are well positioned, and we have a clear strategic direction moving ahead. The first three months of the year show that we have laid the foundations for continued positive development in the coming quarters.

Malmö, 21 May 2019

**Leif Liljebrunn**

*CEO & President*

### Financial reporting dates

|                                |                 |
|--------------------------------|-----------------|
| Interim report April-June 2019 | 15 August 2019  |
| Interim report Jan-Sep 2019    | 7 November 2019 |
| Year-end report 2019           | 7 February 2020 |

### The market

Digital signage is a software steered interface for communication with consumers within a retail environment or with employees in larger organizations. Digital communication is now an integral part of the new communications concept that retailers and other companies are developing for the future. We operate in a immature market category where many potential customers have not yet invested in the technology. This creates an interesting, expanding market for ZetaDisplay, which supplies a total concept covering strategy, planning, software, hardware, installation and content production, analysis, 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.

Contracted services are increasing as an important part of the business after the initial installation and produce steady recurring 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

### New contracts

ZetaDisplay's Norwegian subsidiary subsidiary was awarded the contract for delivery of Digital Signage solutions for the Oslo and Akershus public transport company, Ruter. The contract has a maturity of ten years and starts immediately. The assignment value is estimated at NOK 20 million.

### Significant events after the first quarter

Leif Liljebrunn, President and CEO of ZetaDisplay, will take up a new role as Vice President Mergers & Acquisitions for the company. ZetaDisplay has initiated the recruitment process for hiring a new CEO.

The Board of Directors of ZetaDisplay AB, on the basis of the authorisation granted by the Board at the Annual General Meeting on 21 May 2018, has decided on a directed rights issue of 1 600 000 new ordinary shares at a subscription price of SEK 19 per ordinary share (the "new Issue"). This means

### Other

Finnish Viral Oy Ab has increased its shareholding in ZetaDisplay. The shareholding is greater than ten per cent, and Viral Oy Ab is now ZetaDisplays largest shareholder.

that the company has added funds of SEK 30.4 million before issue related costs.

ZetaDisplay has signed a five-year global framework agreement for Digital signage solutions with the Norwegian furniture group Ekornes AS. The agreement refers to shop-in-shop solutions for Ekornes' global retail network of approximately 3,500 outlets in 43 countries. The annual roll-out for 2019 is estimated at a sales value of approximately SEK 15 million.

## 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 2019

#### Net sales

Net sales for the quarter increased by 43% to SEK 93.3 (65.0) million, compared with the corresponding quarter last year. Growth is generally attributable to increased sales and, in particular, in segment Sweden and by increased recurring revenues in all segments. The organic growth at fixed exchange rates was 38%.

#### Gross profit

Gross profit amounted to SEK 48.9 (39.4) million, corresponding to a gross margin of 52.4 (60.6) %. The lower gross margin is mainly explained by a larger amount of implementation projects than during the corresponding quarter last year. These consist of hardware and installation, and where the contracted services are delivered after completion and thus do not affect the current quarter significantly.

#### Operating expenses

The cost of goods sold amounted to SEK-44.4 (-25.6) million and are explained by the increased sales related to implementation projects consisting primarily of hardware and installations.

Other expenses were SEK-13.0 (-10.3) million and are mainly explained by the use of external resources.

Personnel costs amounted to SEK-30.3 (-22.3) million. The increase derives partly from the increasing number of employees that were added in connection with the acquisition of Webpro as well as the additions in enlarged competencies mainly on group level.

Amortization amounted to SEK-6.3 (-4.3) million. The increase is attributable to the introduction of IFRS 16.

#### EBITDA

EBITDA increased to 8.1 (6.9) MILLION, corresponding to an EBITDA margin of 8.7 (10.6)%.

#### Operating income

Operating profit amounted to 1.9 (2.5) MILLION. The previous year was affected by items affecting comparability in the form of additional acquisition costs of total 528 TSEK, relating to the acquisitions of ProntoTV AS, Seasam Oy, Qyn B. V and LiveQube AS.

The operating margin was 2.0 (3.9)%.

#### Financial items

Financial items amounted to SEK-2.1 (-4.9). The change is attributable to unrealized currency losses during the same period last year.

#### Tax

The tax expense for the quarter amounted to SEK-0.8 (-1.3) million. The tax expense is high in relation to earnings, mainly due to losses in the parent company. As it is not expected that the shortfall will be utilized in the near future, no deferred tax liability has been reported for this deficit.

#### Profit for the quarter

Profit for the quarter amounted to SEK-1.1 (-3.6) million. Earnings per share amounted to SEK-0.04 (-0.25) before dilution corresponding to SEK-0.04 (-0.25) after dilution.

#### Cash flow

During the period, the group generated a cash flow from operating activities of SEK-1.3 (-6.9) million. Cash flow from investing activities amounted to SEK-25.0 (-4.5) MILLION, of which payment of the additional purchase price amounted to SEK-20.9 (0.0), investments in intangible fixed assets to SEK-3.3 (-3.7) and acquisitions of tangible Fixed assets amounted to SEK-0.9 (-0.9) million. Cash flow from financing activities amounted to SEK-7.3 (-9.3) million. The total cash flow for the period amounted to SEK-33.7 (-20.8) million.

#### Financial position

The equity/assets ratio amounted to 46% (37) at the end of the period.

The group had a total of 89.4 (57.2) MILLION in cash and cash equivalents and unutilized credits as

## Segment reporting

The company reports from the fourth quarter 2016 per segment. The segments consist of Sweden (including Denmark and other markets), Norway and Finland (including the Baltics) as well as the Netherlands.

Segment Sweden reports income from external customers of SEK 23.2 (7.8) million for the first quarter, corresponding to a growth of 198%. EBITDA amounted to SEK -0.3 (-1.0) million for the quarter and the EBITDA margin was at -1.4% (-12.7)%.

Segment Norway reports income from external customers of SEK 27.3 (23.0) million for the first quarter, corresponding to a growth rate of 18.5%. The

of 31 March, of which SEK 51.4 (36.8) million were cash and cash equivalent.

growth is organic. EBITDA amounted to SEK 6.0 (5.5) million for the quarter and the EBITDA margin to 22.1 (24.0)%.

Segment Finland reports income from external customers of SEK 29.8 (20.4) million for the first quarter, corresponding to a growth of 45.9%. EBITDA amounted to SEK 5.4 (2.0) million for the period and the EBITDA margin to 18.0 (10.0)%.

Segment Netherlands reported income from external customers of SEK 12.9 (13.6) million for the first quarter, corresponding to a decrease of -4.9%. EBITDA amounted to 2.5 (3.4) MILLION for the period and the EBITDA margin to 19.2 (25.1)%.

| TSEK<br>JAN - MAR                         | SWEDEN        |               | NORWAY        |               | FINLAND       |               | NETHERLANDS   |               | GROUP-WIDE    |               | GROUP<br>ELIMINATIONS |             | TOTAL FOR THE<br>GROUP |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------------|-------------|------------------------|---------------|
|   | 2019          | 2018          | 2019          | 2018          | 2019          | 2018          | 2019          | 2018          | 2019          | 2018          | 2019                  | 2018        | 2019                   | 2018          |
| Contracted services (recurring)           | 6 930         | 2 367         | 11 306        | 8 305         | 5 940         | 4 643         | 7 377         | 5 816         | 0             | 0             | 0                     | 0           | 31 553                 | 21 131        |
| Hardware, installation and other services | 16 249        | 5 416         | 15 947        | 14 700        | 23 855        | 15 774        | 5 514         | 7 738         | 189           | 279           | 0                     | 0           | 61 754                 | 43 907        |
| Internal income                           | 25            | 0             | 0             | 0             | 6             | 200           | 72            | 0             | 744           | 0             | -847                  | -200        | 0                      | 0             |
| <b>Total income</b>                       | <b>23 204</b> | <b>7 783</b>  | <b>27 253</b> | <b>23 005</b> | <b>29 801</b> | <b>20 617</b> | <b>12 963</b> | <b>13 554</b> | <b>933</b>    | <b>279</b>    | <b>-847</b>           | <b>-200</b> | <b>93 307</b>          | <b>65 038</b> |
| <b>EBITDA *)</b>                          | <b>-325</b>   | <b>-992</b>   | <b>6 033</b>  | <b>5 525</b>  | <b>5 372</b>  | <b>2 071</b>  | <b>2 495</b>  | <b>3 406</b>  | <b>-5 457</b> | <b>-3 134</b> | <b>0</b>              | <b>0</b>    | <b>8 118</b>           | <b>6 876</b>  |
| <i>EBITDA margin</i>                      | <i>-1,4%</i>  | <i>-12,7%</i> | <i>22,1%</i>  | <i>24,0%</i>  | <i>18,0%</i>  | <i>10,0%</i>  | <i>19,2%</i>  | <i>25,1%</i>  |               |               |                       |             | <i>8,7%</i>            | <i>10,6%</i>  |
| Depreciation and amortisation             | -465          | -66           | -1 737        | -1 474        | -815          | -574          | -740          | -419          | -3 089        | -2 264        | 584                   | 453         | -6 262                 | -4 344        |
| <b>Operating profit</b>                   | <b>-790</b>   | <b>-1 058</b> | <b>4 296</b>  | <b>4 051</b>  | <b>4 557</b>  | <b>1 497</b>  | <b>1 755</b>  | <b>2 987</b>  | <b>-8 546</b> | <b>-5 398</b> | <b>584</b>            | <b>453</b>  | <b>1 856</b>           | <b>2 532</b>  |
| Financial income                          |               |               |               |               |               |               |               |               |               |               |                       |             | 1 094                  | 480           |
| Financial expenses                        |               |               |               |               |               |               |               |               |               |               |                       |             | -3 246                 | -5 381        |
| <b>Profit before tax</b>                  | <b>-790</b>   | <b>-1 058</b> | <b>4 296</b>  | <b>4 051</b>  | <b>4 557</b>  | <b>1 497</b>  | <b>1 755</b>  | <b>2 987</b>  | <b>-8 546</b> | <b>-5 398</b> | <b>584</b>            | <b>453</b>  | <b>-296</b>            | <b>-2 369</b> |

\*) EBITDA last year includes extraordinary costs of TSEK 528. These consist of additional costs from the acquisition of ProntoTV AS, Seasam Oy, Qyn B.V. and LiveQube AS.

| INTANGIBLE AND TANGIBLE ASSETS<br>TSEK<br>MARCH | SWEDEN       |            | NORWAY        |               | FINLAND       |               | NETHERLANDS  |              | GROUP-WIDE     |                | GROUP<br>ELIMINATIONS |              | TOTAL FOR THE<br>GROUP |                |
|---|--------------|------------|---------------|---------------|---------------|---------------|--------------|--------------|----------------|----------------|-----------------------|--------------|------------------------|----------------|
|   | 2019         | 2018       | 2019          | 2018          | 2019          | 2018          | 2019         | 2018         | 2019           | 2018           | 2019                  | 2018         | 2019                   | 2018           |
| Intangible assets                               | 0            | 0          | 11 733        | 10 514        | 9 683         | 12 293        | 2 654        | 2 150        | 393 394        | 336 663        | 5 299                 | 2 815        | 422 763                | 364 435        |
| Tangible assets                                 | 4 745        | 139        | 8 749         | 4 576         | 1 442         | 1 339         | 3 168        | 1 075        | 5 434          | 796            | 0                     | 0            | 23 538                 | 7 925          |
| <b>Total intangible and tangible assets</b>     | <b>4 745</b> | <b>139</b> | <b>20 482</b> | <b>15 090</b> | <b>11 125</b> | <b>13 632</b> | <b>5 822</b> | <b>3 225</b> | <b>398 828</b> | <b>337 459</b> | <b>5 299</b>          | <b>2 815</b> | <b>446 301</b>         | <b>372 360</b> |

## 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 22.3 (9.8), for the first quarter. Operating profit was

SEK -3.8 (-2.4 million) and profit after tax totaled SEK 4.4 (-7.1) million.

The parent company had a total of SEK 65.0 (36.9) million in liquid funds and unutilized credits as of March 31, of which SEK 44.5 (22.1) million related to liquid funds. Investments in fixed assets during the period amounted to 2.3 (2.0), of which investments in subsidiaries were SEK 0.0 (0.8) million.



## Other information

### Number of employees

The average number of full-time employees was 137 during the past three months

period, against 122 for the equivalent period last year.

### Transactions with related parties

During the period contingent consideration payments of EUR 1 million were made to LMD Beheer BV which is 1/3 owned by Hans Christiaan de Vaan (Area Manager Benelux) former owner of QYN B.V.

The exercising period of employee stock options TO 2016/19 was closed on 31 March 2019. Each warrant came after conversion to entitle to 1.05 ordinary shares at the subscription price SEK 8.20.

The shares were registered during the month of April. A total of 521 327 ordinary shares were subscribed, resulting in an inflow of SEK 4.4 million with a dilution effect of 2.0%.

In addition, there are no significant transactions except ordinary salaries and remuneration to senior executives, board fees and issued options.

### 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 certified adviser and liquidity guarantor for the preference share and the subscription warrant which are listed on First North. Erik Penser Bank is also 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 2 002 (1 507) as of March 31, 2019. The shareholder structure per balance sheet date is shown in the table below.

The company has three outstanding option programs for a total of 1 103 082 options with the right to subscribe to 1 158 244 shares in the company. One of the programs relates to long-term incentive program to senior executives. Of the total options, 503 282 options have a strike price below the current share price and 600 000 options a strike price that exceeds the current share price, corresponding to a potential dilution of approximately 2.2%.

## SHAREHOLDER

| SHAREHOLDER                             | NUMBER OF ORDINARY SHARES | NUMBER OF PREFERENCE SHARES | TOTAL SHARES      | SHARE OF CAPITAL % | SHARE OF VOTES % |
|---|---------------------------|-----------------------------|-------------------|--------------------|------------------|
| Virala Oy AB                            | 3 000 000                 | 0                           | 3 000 000         | 12,1%              | 12,4%            |
| Mats Johansson                          | 2 563 468                 | 2 628                       | 2 566 096         | 10,4%              | 10,6%            |
| Anders Pettersson                       | 2 423 253                 | 58 114                      | 2 481 367         | 10,0%              | 10,0%            |
| Prioritet Capital AB                    | 1 212 500                 | 0                           | 1 212 500         | 4,9%               | 5,0%             |
| Anders Moberg                           | 1 056 251                 | 106 521                     | 1 162 772         | 4,7%               | 4,4%             |
| AMF Fonder                              | 1 043 750                 | 60 217                      | 1 103 967         | 4,5%               | 4,3%             |
| Magari Venture AS                       | 1 100 000                 | 0                           | 1 100 000         | 4,4%               | 4,5%             |
| Mats Leander                            | 988 817                   | 6 612                       | 995 429           | 4,0%               | 4,1%             |
| Martin Gullberg                         | 818 712                   | 0                           | 818 712           | 3,3%               | 3,4%             |
| Mikael Hägg                             | 590 274                   | 20 000                      | 610 274           | 2,5%               | 2,4%             |
| LMD Beheer B.V (tidigare ägare Qyn B.V) | 596 762                   | 0                           | 596 762           | 2,4%               | 2,5%             |
| Six Sis AG                              | 461 927                   | 54 593                      | 516 520           | 2,1%               | 1,9%             |
| Avanza Pension                          | 454 014                   | 28 539                      | 482 553           | 1,9%               | 1,9%             |
| SEB Life International                  | 421 503                   | 0                           | 421 503           | 1,7%               | 1,7%             |
| Leif Liljebrunn                         | 399 966                   | 0                           | 399 966           | 1,6%               | 1,7%             |
| Nordea Fonder                           | 332 202                   | 0                           | 332 202           | 1,3%               | 1,4%             |
| Bernt Larsson                           | 318 383                   | 8 132                       | 326 515           | 1,3%               | 1,3%             |
| Manu Mesimäki                           | 313 177                   | 0                           | 313 177           | 1,3%               | 1,3%             |
| Övriga aktieägare                       | 6 048 758                 | 260 976                     | 6 309 734         | 25,5%              | 25,1%            |
| <b>TOTAL</b>                            | <b>24 143 717</b>         | <b>606 332</b>              | <b>24 750 049</b> | <b>100%</b>        | <b>100%</b>      |

Finnish Virala Oy AB increased its shareholdings after the quarter in connection with a directed rights issue to 3 708 289 (3 000 000 as per 31 March 2019). In connection with the directed rights issue, Nordea Fonder increased its holding in the company to 644 702 (332 202 as per 31 March 2019). Leif Liljebrunn has increased, after the quarter, in connection with the subscription of shares in TO 2016/2019, his holdings to 714 984 (399 966 as per 31 March 2019). The total number of shares after the quarter amounted to 26 881 376.

### 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 minimising unfavourable 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 2018. No significant events occurred during the period which affect or change these descriptions of the group's risks and its handling of them.

### Looking ahead and financial objectives

The updated financial targets represent a doubling of the service portfolio and a tripling of the operating profit from today's levels and reflect the strategy that the board has put in place for the coming years. The most important lever in our business model is the proportion of contracted services of 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:

- Contracted services 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%

Our industry is called Digital Signage but our core delivery is support at the point of decision in physical environments through vital communication to the right target group at the right place. ZetaDisplay is a service company and hybrid between software competence, communication expertise as well as a process driven deployment- and service organization. ZetaDisplay 2019 is 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.

ZetaDisplay is well-positioned with a clear strategic direction to live up to external expectations.

Malmö, 21 May 2019

**Leif Liljebrunn**

President & CEO

*This interim report has not been reviewed by the company's auditor and is a translation of the original Swedish interim report that has been formally approved by the Board of Directors*

*This is information that ZetaDisplay AB is required to publish under the EU Market Abuse Regulation. The information was submitted, on the authority of Leif Liljebrunn for publication on 21 May at 08:45.*

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**Presentation for investors, analysts and media**

An interview with CEO Leif Liljebrunn about the interim report as well as a presentation will be made available from 15:00 on 21 May 2019.

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

|  | 3 MONTHS<br>JAN-MAR<br>2019 | 3 MONTHS<br>JAN-MAR<br>2018 | 12 MONTHS<br>JAN-DEC<br>2018 |
|--|-----------------------------|-----------------------------|------------------------------|
| Net turnover   | 93 307                      | 65 038                      | 404 101                      |
| Capitalized work on own account                      | 2 476                       | 2 488                       | 8 061                        |
| <b>Total Revenue</b>                                 | <b>95 783</b>               | <b>65 038</b>               | <b>404 101</b>               |
| <i>Operating expenses</i>                            |                             |                             |                              |
| Goods for resale                                     | -44 394                     | -25 633                     | -219 421                     |
| Other external expenses                              | -12 991                     | -10 252                     | -46 605                      |
| Personnel expenses                                   | -30 280                     | -24 765                     | -97 981                      |
| Depreciations  | -6 262                      | -4 344                      | -18 604                      |
| <b>Operating profit</b>                              | <b>1 856</b>                | <b>2 532</b>                | <b>29 551</b>                |
| Interest income                                      | 1 094                       | 480                         | 14 701                       |
| Interest expense                                     | -3 246                      | -5 381                      | -10 708                      |
| <b>Profit/loss after financial items</b>             | <b>-296</b>                 | <b>-2 369</b>               | <b>33 544</b>                |
| Tax  | -836                        | -1 253                      | -7 968                       |
| <b>Net profit/loss</b>                               | <b>-1 132</b>               | <b>-3 622</b>               | <b>25 576</b>                |
| Profit/loss per share before dilution, SEK           | -0,04                       | -0,25                       | 0,87                         |
| Profit/loss per share after dilution, SEK            | -0,04                       | -0,25                       | 0,85                         |
| Average number of common shares before dilution, SEK | 25 484                      | 19 991                      | 23 144                       |
| Average number of common shares after dilution, SEK  | 25 988                      | 20 536                      | 23 666                       |

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (TSEK)

|   | 3 MONTHS<br>JAN-MAR<br>2019 | 3 MONTHS<br>JAN-MAR<br>2018 | 12 MONTHS<br>JAN-DEC<br>2018 |
|---|-----------------------------|-----------------------------|------------------------------|
| <b>Profit/loss for the period</b>                                 | <b>-1 132</b>               | <b>-3 622</b>               | <b>25 576</b>                |
| Items that may later be transferred to profit/loss for the period |                             |                             |                              |
| Translations differences  | 11 662                      | 16 941                      | 9 723                        |
| <b>Comprehensive income for the period</b>                        | <b>10 530</b>               | <b>13 319</b>               | <b>35 299</b>                |
| Attributable to shareholders in the Parent Company                | 10 530                      | 13 319                      | 35 299                       |

## CONSOLIDATED BALANCE SHEET - SUMMARY (TSEK)

|   | 2019-03-31     | 2018-03-31     | 2018-12-31     |
|---|----------------|----------------|----------------|
| <b>ASSETS</b>   |                |                |                |
| Intangible assets   | 422 763        | 364 435        | 411 551        |
| Tangible assets   | 7 828          | 7 925          | 7 539          |
| Right of use assets                                       | 15 710         | 0              | 0              |
| Deferred tax assets                                       | 4 340          | 4 514          | 4 589          |
| Financial non-current assets                              | 167            | 637            | 274            |
| <b>Total non-current assets</b>                           | <b>450 808</b> | <b>377 511</b> | <b>423 953</b> |
| Inventories   | 17 204         | 16 950         | 13 373         |
| Current receivables                                       | 105 996        | 66 755         | 111 512        |
| Cash and cash equivalents                                 | 51 429         | 36 830         | 83 389         |
| <b>Total current assets</b>                               | <b>174 629</b> | <b>120 535</b> | <b>208 274</b> |
| <b>TOTAL ASSETS</b>                                       | <b>625 437</b> | <b>498 046</b> | <b>632 227</b> |
| <b>EQUITY AND LIABILITIES</b>                             |                |                |                |
| Equity attributable to shareholders in the Parent Company | 286 166        | 181 826        | 271 458        |
| <b>Total equity</b>                                       | <b>286 166</b> | <b>181 826</b> | <b>271 458</b> |
| <b>Provisions</b>   | <b>323</b>     | <b>234</b>     | <b>272</b>     |
| Non-current liabilities                                   | 174 266        | 142 275        | 182 387        |
| Current liabilities                                       | 164 682        | 173 711        | 178 110        |
| <b>Total liabilities</b>                                  | <b>338 948</b> | <b>315 986</b> | <b>360 497</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       | <b>625 437</b> | <b>498 046</b> | <b>632 227</b> |

## CONSOLIDATED CASH-FLOW STATEMENTS (TSEK)

|  | 3 MONTHS<br>JAN-MAR<br>2019 | 3 MONTHS<br>JAN-MAR<br>2018 | 12 MONTHS<br>JAN-DEC<br>2018 |
|--|-----------------------------|-----------------------------|------------------------------|
| <b>Operating activities</b>  |                             |                             |                              |
| Operating profit   | 1 856                       | 2 532                       | 29 551                       |
| Adjustments for depreciation and amortisation                                | 6 262                       | 4 344                       | 18 604                       |
| Interest received  | 85                          | 40                          | 3 214                        |
| Interest paid  | -1 209                      | -440                        | -10 326                      |
| Adjustment for items not included in cash flow                               | 118                         | -397                        | -561                         |
| Income tax paid  | -1 580                      | 189                         | -1 313                       |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>5 532</b>                | <b>6 268</b>                | <b>39 169</b>                |
| <b>Change in working capital</b>   |                             |                             |                              |
| Change in inventories  | -3 745                      | -5 610                      | -1 039                       |
| Change in receivables  | 6 670                       | -11 793                     | -50 492                      |
| Change in current liabilities  | -9 753                      | 4 190                       | 38 402                       |
| <b>Total change in working capital</b>                                       | <b>-6 828</b>               | <b>-13 213</b>              | <b>-13 129</b>               |
| <b>Cash flow from operating activities</b>                                   | <b>-1 296</b>               | <b>-6 945</b>               | <b>26 040</b>                |
| <b>Investment activities</b>   |                             |                             |                              |
| Acquisition of subsidiaries *)   | 0                           | 0                           | -18 501                      |
| Paid contingent consideration for acquisition of subsidiaries                | -20 876                     | 0                           | -47 529                      |
| Acquisition of intangible assets   | -3 317                      | -3 671                      | -9 760                       |
| Acquisition of tangible assets   | -948                        | -882                        | -2 697                       |
| Sales of financial assets  | 110                         | 47                          | 433                          |
| <b>Cash flow from investment activities</b>                                  | <b>-25 031</b>              | <b>-4 506</b>               | <b>-78 054</b>               |
| <b>Financing activities</b>  |                             |                             |                              |
| Stock issue  | 4 178                       | 0                           | 71 772                       |
| Borrowing  | 0                           | 0                           | 30 000                       |
| Subscription warrants  | 0                           | 0                           | 1 336                        |
| Amortisation of debt   | -5 539                      | -8 900                      | -32 554                      |
| Amortisation of finance lease debt   | -1 358                      | 0                           | 0                            |
| Dividends paid   | -1 364                      | -1 364                      | -5 457                       |
| Change in factoring costs  | -3 253                      | 946                         | 10 844                       |
| <b>Cash flow from financing activities</b>                                   | <b>-7 336</b>               | <b>-9 318</b>               | <b>75 941</b>                |
| <b>Cash flow for the year</b>  | <b>-33 663</b>              | <b>-20 769</b>              | <b>23 927</b>                |
| <b>Cash and cash equivalents at start of period</b>                          | <b>83 389</b>               | <b>58 771</b>               | <b>58 771</b>                |
| <b>Exchange rate difference</b>  | <b>1 703</b>                | <b>-1 172</b>               | <b>691</b>                   |
| <b>Cash and cash equivalents at end of period</b>                            | <b>51 429</b>               | <b>36 830</b>               | <b>83 389</b>                |

\*) Relates to the acquisition of Webpro AS in September 2018.

**STATEMENT OF CHANGES IN EQUITY – SUMMARY  
(TSEK)**

| GROUP                                      | CAPITAL STOCK | ADDITIONAL<br>PAID-IN<br>CAPITAL | TRANSLATION<br>RESERVES | ACCUMULATED<br>DEFICIT | TOTAL EQUITY  |
|--|---------------|----------------------------------|-------------------------|------------------------|---|
|  |               |                                  |                         |                        | Attributable to<br>shareholders in<br>the parent<br>company |
| <b>Opening balance 2018-01-01</b>          | <b>19 835</b> | <b>223 606</b>                   | <b>-4 235</b>           | <b>-70 698</b>         | <b>168 508</b>  |
| <b>Changes in equity</b>                   |               |                                  |                         |                        |   |
| <b>2018-01-01 - 2018-12-31</b>             |               |                                  |                         |                        |   |
| Comprehensive income for the period        |               |                                  | 9 723                   | 25 576                 | 35 299  |
| <i>Transactions with shareholders:</i>     |               |                                  |                         |                        |   |
| Approved distribution of preference shares |               | -5 457                           |                         |                        | -5 457  |
| Option premiums received                   |               | 1 336                            |                         |                        | 1 336   |
| Stock issue                                | 4 915         | 70 833                           |                         |                        | 75 748  |
| Issue expenses                             |               | -3 976                           |                         |                        | -3 976  |
| <b>Closing balance 2017-12-31</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 - 2019-03-31</b>             |               |                                  |                         |                        |   |
| Comprehensive income for the period        |               |                                  | 11 662                  | -1 132                 | 10 530  |
| <i>Transactions with shareholders:</i>     |               |                                  |                         |                        |   |
| Ongoing stock issue                        |               | 4 288                            |                         |                        | 4 288   |
| Issue expenses                             |               | -110                             |                         |                        | -110  |
| <b>Closing balance 2018-12-31</b>          | <b>24 750</b> | <b>290 520</b>                   | <b>17 150</b>           | <b>-46 254</b>         | <b>286 166</b>  |

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

|   | <b>3 MONTHS<br/>JAN-MAR<br/>2019</b> | <b>3 MONTHS<br/>JAN-MAR<br/>2018</b> | <b>12 MONTHS<br/>JAN-DEC<br/>2018</b> |
|---|--------------------------------------|--------------------------------------|---------------------------------------|
| Net sales                                     | 22 328                               | 9 846                                | 134 145                               |
| Capitalized work on own account               | 1 396                                | 1 644                                | 2 627                                 |
| <b>Total income</b>                           | <b>23 724</b>                        | <b>11 490</b>                        | <b>136 772</b>                        |
| <i>Operating expenses</i>                     |                                      |                                      |                                       |
| Goods for resale                              | -10 193                              | -2 065                               | -91 497                               |
| Other external expenses                       | -7 716                               | -3 978                               | -18 311                               |
| Personnel expenses                            | -8 682                               | -6 752                               | -28 754                               |
| Depreciation and amortisation                 | -914                                 | -1 067                               | -3 951                                |
| <b>Operating profit</b>                       | <b>-3 781</b>                        | <b>-2 372</b>                        | <b>-5 741</b>                         |
| Result from participations in group companies | 9 962                                | 0                                    | 24 074                                |
| Interest income                               | 1 050                                | 448                                  | 4 134                                 |
| Interest expenses                             | -2 872                               | -5 201                               | -9 912                                |
| <b>Profit/loss after financial items</b>      | <b>4 359</b>                         | <b>-7 125</b>                        | <b>12 555</b>                         |
| Tax   | 0                                    | 0                                    | -83                                   |
| <b>Profit/loss for the period*</b>            | <b>4 359</b>                         | <b>-7 125</b>                        | <b>12 472</b>                         |

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



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

|                                     | 2019-03-31     | 2018-03-31     | 2018-12-31     |
|-------------------------------------|----------------|----------------|----------------|
| <b>ASSETS</b>                       |                |                |                |
| Intangible assets                   | 9 540          | 9 055          | 8 579          |
| Tangible assets                     | 1 915          | 936            | 1 470          |
| Participations in group companies   | 395 754        | 354 759        | 395 754        |
| Deferred tax assets                 | 1 217          | 1 300          | 1 217          |
| Financial non-current assets        | 130            | 130            | 130            |
| <b>Total non-current assets</b>     | <b>408 556</b> | <b>366 180</b> | <b>407 150</b> |
| Inventories                         | 5 927          | 2 428          | 2 991          |
| Current receivables                 | 61 665         | 10 683         | 55 472         |
| Cash and cash equivalents           | 44 524         | 22 143         | 59 176         |
| <b>Total current assets</b>         | <b>112 116</b> | <b>35 254</b>  | <b>117 639</b> |
| <b>TOTAL ASSETS</b>                 | <b>520 672</b> | <b>401 434</b> | <b>524 789</b> |
| <b>EQUITY AND LIABILITIES</b>       |                |                |                |
| Equity                              | 252 474        | 158 023        | 243 936        |
| <b>Total equity</b>                 | <b>252 474</b> | <b>158 023</b> | <b>243 936</b> |
| <b>Provisions</b>                   | <b>324</b>     | <b>234</b>     | <b>292</b>     |
| Non-current liabilities             | 138 978        | 120 587        | 153 231        |
| Current liabilities                 | 128 896        | 122 590        | 127 350        |
| <b>Total liabilities</b>            | <b>267 874</b> | <b>243 177</b> | <b>280 581</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>520 672</b> | <b>401 434</b> | <b>524 809</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    |
| Qyn B.V.                | 27285283    | Rosmalen  | 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 2018, except for what is mentioned below regarding IFRS 16 Leasing.

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.

#### NEW STANDARDS TO BE APPLIED AS OF JANUARY 1, 2019

As of January 1, 2019, ZetaDisplay applies IFRS 16 Leasing, which replaces IAS 17 Leases. ZetaDisplay applies the modified retroactive transition method and the main impact of ZetaDisplays financial reporting derives from the accounting of rental contracts for premises.

The effects of opening balances for 2019 is presented in the table below. The difference between reported future operational lease cost and lease liability as of January 1, 2019 is also presented below.

#### IMPACT ON OPENING BALANCE JANUARY 1, 2019

|  | Reported balance<br>January 1, 2019 | Conversion to<br>IFRS 16 | Recalculated balance<br>January 1, 2019 |
|--|-------------------------------------|--------------------------|---|
| <b>Assets</b>                              |                                     |                          |   |
| Right of use assets                        | 0                                   | 16 831                   | 16 831                                  |
| Prepaid expenses                           | 28 903                              | -1 014                   | 27 889                                  |
| <b>Total impact assets</b>                 |                                     | <b>15 817</b>            |   |
| <b>Equity</b>                              |                                     |                          |   |
| Retained earnings                          | -45 122                             | 0                        | -45 122                                 |
| <b>Total impact equity</b>                 |                                     | <b>0</b>                 |   |
| <b>Long term liabilities</b>               |                                     |                          |   |
| Leasing liabilities                        | 0                                   | 10 186                   | 10 186                                  |
| <b>Total impact long term liability</b>    |                                     | <b>10 186</b>            |   |
| <b>Short term liabilities</b>              |                                     |                          |   |
| Leasing liabilities                        | 0                                   | 5 631                    | 5 631                                   |
| <b>Total impact short term liabilities</b> |                                     | <b>5 631</b>             |   |
| <b>Total impact equity and liabilities</b> |                                     | <b>15 817</b>            |   |

#### Reconciliation disclosure operational leases (IAS 17) and reported leasing liabilities (IFRS 16)

|  |               |
|--|---------------|
| Commitment for operational leases as of December 31, 2018            | 17 803        |
| Financial leasing liabilities as of December 31, 2018                | 0             |
| Short-term leases (expensed)   | -916          |
| Leases with low value (expensed)                                     | -377          |
| Exchange rate effects  | -68           |
| Discounting effect   | -625          |
| <b>Reported leasing liability in opening balance January 1, 2019</b> | <b>15 817</b> |

The new standard requires that all leasing contracts, except for short-term contract and contracts of low value, are reported in the balance sheet as a right of use asset and a leasing liability. In the income statement, the operational lease payments are replaced by the cost of depreciation of the right of use assets and interest expenses attributable to the leasing liability. The effects of earnings impact for the first quarter 2019 are presented in the table below.

Consolidated statement of comprehensive income - summary

|   | 3 MONTHS      | 3 MONTHS       | 3 MONTHS       |
|---|---------------|----------------|----------------|
|   | JAN-MAR       | JAN-MAR        | JAN-MAR        |
|   | 2019          | 2019           | 2019           |
|   | AFTER IFRS 16 | IFRS 16 EFFECT | BEFORE IFRS 16 |
| Operating income                                      | 95 783        | 0              | 95 783         |
| Operating costs                                       | -87 665       | -1 419         | -89 084        |
| Depreciations   | -6 262        | 1 532          | -4 730         |
| <b>Operating profit</b>                               | <b>1 856</b>  | <b>113</b>     | <b>1 969</b>   |
| Financial items                                       | -2 152        | 80             | -2 072         |
| <b>Profit/loss after financial items</b>              | <b>-296</b>   | <b>193</b>     | <b>-103</b>    |
| Tax   | -836          | -42            | -878           |
| <b>Net profit/loss</b>                                | <b>-1 132</b> | <b>151</b>     | <b>-981</b>    |
| <i>Profit/loss for the period is attributable to:</i> |               |                |                |
| Shareholders in the Parent Company                    | -1 132        | 151            | -981           |

For further description of transition effects and transition rules when applying IFRS 16, see Note 2 in the Group's Annual Report 2018.

Full description of the accounting principles will be given in the annual report for 2019. Otherwise, the same accounting principles and calculation methods have been applied as in the latest published annual report.

No other new standards approved by EU or interpretation statements from IFRS Interpretations Committee are deemed to have significant impact on the Group's financial position.

### Note 3 Financial assets and liabilities

|  | 2019-03-31     | 2018-03-31     | 2018-12-31     |
|--|----------------|----------------|----------------|
| <b>Financial assets measured at amortized cost (Hold to Collect)</b> |                |                |                |
| Trade accounts receivable  | 8 184          | 49 295         | 79 957         |
| Contract asset   | 8 100          | 3 536          | 16 771         |
| Other financial receivables  | 167            | 0              | 274            |
| Cash and cash equivalents  | 51 429         | 36 830         | 83 389         |
| <b>Financial assets</b>  | <b>67 880</b>  | <b>89 661</b>  | <b>180 392</b> |
| <b>Financial liabilities</b>   |                |                |                |
| <i>Other financial liabilities valued at amortised cost</i>          |                |                |                |
| Liabilities to credit institutions                                   | 148 493        | 140 567        | 156 696        |
| Financial leasing liability  | 14 764         | 0              | 0              |
| Liabilities to related parties                                       | 595            | 378            | 461            |
| Trade accounts payable   | 46 808         | 24 930         | 37 176         |
| <i>Financial liabilities measured at fair value</i>                  |                |                |                |
| Contingent considerations relating to acquisitions                   | 46 394         | 81 255         | 65 111         |
| <b>Financial liabilities</b>   | <b>257 053</b> | <b>247 130</b> | <b>259 444</b> |

| Contingent considerations               | Qyn           | LiveQube     | Webpro        | Total          |
|---|---------------|--------------|---------------|----------------|
| <b>Opening balance 2018-01-01</b>       | 30 826        | 3 329        | 30 956        | <b>65 111</b>  |
| Exchange rate changes                   | 472           | 164          | 1 523         | <b>2 159</b>   |
| Settlement of contingent considerations | -20 876       | 0            | 0             | <b>-20 876</b> |
| <b>Closing balance 2018-12-31</b>       | <b>10 422</b> | <b>3 493</b> | <b>32 479</b> | <b>46 394</b>  |

|                               | Qyn           | LiveQube     | Webpro        | Total         |
|-------------------------------|---------------|--------------|---------------|---------------|
| Expected payment 2019         | 0             | 0            | 0             | <b>0</b>      |
| Expected payment 2020         | 10 422        | 3 493        | 32 479        | <b>46 394</b> |
| <b>Total expected payment</b> | <b>10 422</b> | <b>3 493</b> | <b>32 479</b> | <b>46 394</b> |

The liabilities are contingent considerations relating to acquisitions.

No changes have occurred in the interval between the acquisition and payment dates, and the company judges it very likely that the remaining contingent considerations will be paid in 2019 and 2020. The liabilities are measured at fair value and based on the growth in profits in the company in 2019 and 2020. No unrealised gains or losses have been reported in the period in relation to these liabilities in 2018 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>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 amortisation 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>Contracted services (recurring)</b> | Contractual 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

### CONTRACTED SERVICES (RECURRING)

| (TSEK)                                 | JAN-MAR<br>2019 | JAN-MAR<br>2018 | ROLLING 12<br>MONTHS<br>Q2 2018 - Q1<br>2019 | JAN-DEC<br>2018 |
|--|-----------------|-----------------|--|-----------------|
| License income                         | 23 386          | 14 955          | 88 396                                       | 79 965          |
| Support and other contractual services | 8 167           | 6 176           | 23 933                                       | 21 942          |
| <b>Total recurring income</b>          | <b>31 553</b>   | <b>21 131</b>   | <b>112 329</b>                               | <b>101 907</b>  |

### GROSS MARGIN

| (TSEK)                    | JAN-MAR<br>2019 | JAN-MAR<br>2018 | ROLLING 12<br>MONTHS<br>Q2 2018 - Q1<br>2019 | JAN-DEC<br>2018 |
|---------------------------|-----------------|-----------------|--|-----------------|
| Net sales                 | 93 307          | 65 038          | 432 370                                      | 404 101         |
| <b>Total income</b>       | <b>93 307</b>   | <b>65 038</b>   | <b>432 370</b>                               | <b>404 101</b>  |
| <i>Operating expenses</i> |                 |                 |  |                 |
| Goods for resale          | -44 394         | -25 633         | -238 182                                     | -219 421        |
| <b>Gross profit</b>       | <b>48 913</b>   | <b>39 405</b>   | <b>194 188</b>                               | <b>184 680</b>  |
| <b>Gross margin (%)</b>   | <b>52,4</b>     | <b>60,6</b>     | <b>44,9</b>                                  | <b>45,7</b>     |

### EBITDA

| (TSEK)                               | JAN-MAR<br>2019 | JAN-MAR<br>2018 | ROLLING 12<br>MONTHS<br>2 2018 - Q1 201 | JAN-DEC<br>2018 |
|--------------------------------------|-----------------|-----------------|---|-----------------|
| Operating profit                     | 1 856           | 2 532           | 28 875                                  | 29 551          |
| <i>Depreciation and amortisation</i> | 6 262           | 4 344           | 20 522                                  | 18 604          |
| <b>EBITDA</b>                        | <b>8 118</b>    | <b>6 876</b>    | <b>49 397</b>                           | <b>48 155</b>   |
| <b>EBITDA-margin (%)</b>             | <b>8,7</b>      | <b>10,6</b>     | <b>11,4</b>                             | <b>11,9</b>     |

### OPERATING MARGIN

| (TSEK)                      | JAN-MAR<br>2019 | JAN-MAR<br>2018 | ROLLING 12<br>MONTHS<br>2 2018 - Q1 201 | JAN-DEC<br>2018 |
|-----------------------------|-----------------|-----------------|---|-----------------|
| Net sales                   | 93 307          | 65 038          | 432 370                                 | 404 101         |
| Operating profit            | 1 856           | 2 532           | 28 875                                  | 29 551          |
| <b>Operating margin (%)</b> | <b>2,0</b>      | <b>3,9</b>      | <b>6,7</b>                              | <b>7,3</b>      |

### EQUITY PER SHARE

|  | 2019-03-31 | 2018-03-31 | 2018-12-31 |
|--|------------|------------|------------|
| Equity (TSEK)                          | 286 166    | 181 826    | 271 458    |
| Total ordinary shares at end of period | 24 143 717 | 19 228 250 | 24 143 717 |
| Equity per share (SEK)                 | 11,85      | 9,46       | 11,24      |

### EQUITY RATIO

|                  | 2019-03-31 | 2018-03-31 | 2018-12-31 |
|------------------|------------|------------|------------|
| Equity           | 286 166    | 181 826    | 271 458    |
| Totalt assets    | 625 437    | 498 046    | 632 227    |
| Equity ratio (%) | 45,75      | 36,51      | 42,94      |

### About ZetaDisplay

ZetaDisplay is a full-service supplier of communication solutions designed to influence behaviour in a physical shop or office environment. The company's business is based on a deep understanding of human behaviour in decision-making situations. We deliver our insights with the support of a smart technical platform which generates engaging digital display solutions. Our total offering encompasses strategy, planning, software, hardware, installation and content production, analysis, technical support and services.

ZetaDisplay has its registered office in Malmö. The company generates revenues of MSEK 400 and employs 140 staff at eight 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)