A strong fourth quarter and full year 2018

October – December 2018

- Net sales increased by 89% to MSEK 130.9 (69.3)
- Contracted services (recurring) increased by 97% to MSEK 37.3 (18.9)
- 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

January - December 2018

- Net sales increased by 103% to MSEK 404.1 (198.7)
- Contracted services (recurring) increased by 89% to MSEK 106.9 (56.7)
- EBITDA totalled MSEK 48.1 (17.0)
- The operating profit was MSEK 29.6 (5.9)
- Earnings per share before and after dilution were SEK 0.87 (-0.49) and 0.85 (-0.49) respectively

Significant events during the quarter

- The roll-out of the ATG project in Sweden with 7,000 installations in 2,000 shops was finalized at year-end after seven months of project process.
- Additional orders for ProntoTV delivering Digital Signage solutions for two vessels of the Hurtigruten line. The deal runs over a five-year period and has an estimated commercial value exceeding 8.5 MSEK.
- Allocation decision for the tender with Swedavia to deliver displays at the company's ten Swedish airports.
- New framework agreement with the Bergendahls Group for delivery of Digital Signage solutions at 44 Swedish CityGross grocery stores. The commercial potential is estimated at 15 MSEK during a five-year period.

  Manu Mesimäki has been appointed new Business Area Director Finland and appointment of new VP International Business to develop the international business of the Group.

Significant events after the quarter

- Finish Virala Oy Ab increased its shareholding to 2,811,681 shares (1,700,000 on 31 December) and is now ZetaDisplay's largest shareholder.
- Norwegian subsidiary ProntoTV won the Digital Signage tender for Ruter, the public transportation company of Oslo and Akershus. The sales value is estimated at MNOK 20.
  The Board adopted new financial objectives comprising growth ambitions within foremost contracted services and operating profit as well as guidelines for equity ratio and expected dividend payments.

FINANCIAL INDICATORS (TSEK)

	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

*Performance measures not defined under IFRS. For definitions, rationale and reconciliation, see pages 20–21

CEO comment

A strong fourth quarter and full year 2018

Net sales increased by 89% to MSEK 130.9 (69.3) during the fourth quarter. The Group's operating profit amounted to MSEK 11.1 (1.1). Contracted services increased by 97% to MSEK 37.3 (18.9), and the organic growth accounted to 59%.

The final quarter of the fiscal year was characterized by a continued strong demand across all segments. The significant sales increase during the third quarter that was related to the ATG project in Sweden continued to influence net sales positively with MSEK 30. The project has now reached the day-to-day operational phase and will from now mainly contribute with net sales related to contracted services. The fourth quarter was generally strong, with customer demands on finalizing projects before year end which resulted into high demands on the organization. This had effect on the gross margin development. As the installed base continues to grow our contracted services will grow as well.

The demand on other markets was continued strong. Especially Norway could harvest two important assignments with long-term effects on sales and profitability. The Netherlands put a great deal of effort into delivering a Digital Signage solution for the facade of the KPN headquarters in Rotterdam, that has made the news due to its enormous visibility in the city skyline. Furthermore, we have appointed a new Business Area Director Finland to strengthen the professionalization of the organization and installed a new position within international business development. The request for complex international assignments continues to increase and we are well prepared to participate in upcoming tenders.

Full year 2018

After having acquired companies in Finland, Norway and the Netherlands during recent years, 2018 has been the year where we started a strategy process aimed at integrating the group's business models.

We use three Group initiatives to drive this process. They comprise the development of a new brand platform, common product offers as well as harmonized technical platforms. We have reached different levels of accomplishment in these projects, and the results will start to be visible during 2019.

We facilitate this process by applying our three guiding principles namely professionalization, internationalization and harmonization.

The international development

We noticed the most visible demand on internationalization in our Norwegian organization where two initial Scandinavian projects developed into a broader European horizon. Our organization mastered the requirements on geography and competence in a very professional manner. The Norwegian organization is a good example for how new sales initiatives are combined with a professional project organization as well as an efficient services and after-market team.

Our Dutch operations have a strong focus on internal communication solutions. The company was acquired in 2017 and derives originally from a spin-off from the Dutch telecom leader KPN. The organization has a high technical and contracted services-oriented competence. Among other aspects this includes the monitoring of 35 000 service points from our office leading to that around 90% of all incidents are taken care of with involving the customer.

In Finland we have strengthened our offer and technical competence during the year by integrating Electronic Shelf Label (ESL) with Digital Signage. We have reinforced our position through a new framework agreement with the country's leading retail chain, the Kesko Group. During December we appointed Manu Mesimäki as new Business Area Director when Jens Helin was named VP International Business for the Group as described above. Successor Manu Mesimäki has a long track record as entrepreneur and started Seasam Oy that was acquired by ZetaDisplay during 2017.

2018 has been a very eventful year for the Swedish organization, characterized by the project with ATG. The company initiated a tender during the spring which ZetaDisplay won in May. Four months later the deployment of 7,000 installations at 2,000 shops started across the country. The complex solutions required approximately 5,000 hors of programming and a huge effort of our Swedish organization. The project is considered to be the largest of its kind in Europe during the year. The ATG project leads to that the Swedish organization will see an increased volume of contracted services going forward, which is the base for a long-term value creation.

Financial development

Our overall business has become ever stronger during 2018. Beyond the geographical expansion which we achieved through acquisitions, we have managed to alter our sales split. Recurring revenues are created through a a portfolio of contracted services which are the base for a sustainable and predictable profitability creating shareholder value. Our contracted services increased during 2018 by 89 percent and amount now to MSEK 107. To be a total solution provider creates an opportunity to bundle products and services as a benefit, which will lead to increased contracted services even during 2019. As consequence of increased complexity of our assignments, contracted services become more and more important and the relationship between customer and supplier gets more long-term.

Looking ahead

We introduced February 2017 financial targets, including that net sales would amount to MSEK 350 in 2020. Two years later, the sales target has been met and the company updates its financial targets and links them closer to its overall strategic direction.

The updated objectives link continued growth more closely to the company's focus on contracted services, which increase both long-term profit-ability and predictability. Growth is expected to be both organic and acquired, which requires an efficient use of the available funds.

- 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%

ZetaDisplay is a service provider that delivers software competence, communication competence as well as a process driven deployment and service organization. The infrastructures such as displays can only partly describe the competence base our colleagues are equipped with. ZetaDisplay is after 2018 an international service provider within Digital Signage with 140 colleagues at eight offices in six countries.

We hold a leading European market position and will expand our market position in the years looking ahead.

The market demand is there; we are well positioned and ZetaDisplay has a clear strategic direction to live up to external expectations.

Malmö, February 22nd, 2019

Leif Liljebrunn
CEO & President

Financial reporting dates

Interim report Jan-March 2019	21 May 2019
Annual General Meeting 2019	21 May 2019
Interim report April-June 2019	15 August 2019

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 young 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.

Sales of services are increasing as an important part of the business after the initial installation and produces steady recurring revenues. The maturity level among our customers is rising, and

ZetaDisplay is receiving enquiries from existing customers who now want to take the next step and develop and broaden their investment in this media 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 harmonised platforms, to enable us to exploit economies of scale within the organisation. This is also a way of creating a secure and future-proof solution for our customers

Important events during the fourth quarter

New contracts

The ATG project with 7,000 installations at 2,000 outlets was finalized in record time at year end. The deregulation of the Swedish gaming monopoly started from January 1, 2019. ATG Sport was launched as new service with an interface that ZetaDisplay developed, programmed and deployed.

ZetaDisplays Sweden received an allocation decision of the Swedavia tender for delivery of displays for Swedavia's ten Swedish airports. ZetaDisplay was the only bidder receiving both for LED and LCD displays. The potential sales value is estimated at approx. 40 MSEK. The contract period is three years with an option of two years' extension.

ZetaDisplay's Swedish operations has signed a framework agreement with the Bergendahls Group for delivery of Digital Signage solutions at 44 CityGross stores. The deployment has started during December 2018 and the main part of the installation will be delivered during the first half year of 2019. The potential commercial value is estimated at 15 MSEK during a five-year period.

ZetaDisplays Norwegian subsidiary has signed additional contracts for delivery of Digital Signage solutions for two vessels of the Hurtigruten ship line. The contract has a tenure of five years and a potential commercial value exceeding 8.5 MSEK.

Other

The first exercise period of the ZETA TO 1 warrant was closed on 1 October 2018. In total 103,250 warrants were exercised for signing 108,405 ordinary shares at a subscription rate of 11.43 SEK per ordinary share. ZetaDisplay received through this program 1.2 MSEK before issue expenses. The second exercising period is scheduled for September 2nd through 30th, 2019.

The number of ordinary shares for ZetaDisplay increased with 108,405 from 24,035,312 to 24,143,717 ordinary shares. The share capital increased with 108,405 SEK from 24,641,644 SEK to 24,750,049 SEK.

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.

October-December 2018

Net sales

Net sales for the quarter increased by 89% to MSEK 130.9 (69.2), compared to the same quarter last year. The growth is due partly to the roll-out of a major project to gaming outlets in Sweden and partly to acquisitions. Organic growth at fixed exchange rates was 59%.

Gross profit

Gross profit amounted to MSEK 55.6 (38.7), representing a gross margin of 42.5 (55.9)%. The lower gross margin is mainly due to the ongoing roll-out of the project to gaming outlets in Sweden and relates only to hardware in this quarter, while delivery of the contract services will start up in stages after this is complete.

EBITDA

EBITDA increased to MSEK 16.1 (4.7), representing an EBITDA margin of 12.3 (6.8)%.

Operating profit

The operating profit was MSEK 11.1 (1.1) and was affected by extraordinary items amounting to MSEK +0.1 (-5.8), which is attributable to adjustments of acquisition costs from this year's acquisition of Webpro AS.

In the previous year, the extraordinary items related to expenses for the listing process on Nasdaq Stockholm's main market and the acquisition of Seasam Oy, LiveQube AS and Qyn B.V. The operating margin was 8.5 (1.6)%.

Financial items

Financial items totalled MSEK 11.2 (-1.9), a positive change of MSEK 13.1. MSEK 10.3 is an one-time effect attributable to a revaluation of debt relatable to contingent considerations that are due for adjustment during 2020.

Tax

Tax costs for the quarter were MSEK -2.7 (-1.8), equivalent to a tax rate of 12.1%. The tax rate is mainly dependent on that no tax is reported on revaluation of the contingent consideration.

Profit and loss for the quarter

Profit/loss for the quarter totalled MSEK 19.6 (-2.6). Earnings per share were SEK 0.72 (-0.22) before dilution, and SEK 0.70 (-0.22) after dilution.

January-December 2018

Net sales

Net sales for the period increased by 103% to MSEK 404.1 (198.7), compared to the same period last year. The growth is attributable both to acquisitions and to organic growth. Organic growth at fixed exchange rates was 39.2%%.

Gross profit

Gross profit amounted to MSEK 184.7 (112.0), representing a gross margin of 45.7 (56.4)%. The lower gross margin is mainly down to the ongoing roll-out of the project to gaming outlets in Sweden and relates only to hardware and deployment, while delivery of the contracted services will start up in stages after this is complete.

EBITDA

EBITDA increased to MSEK 48.2 (17.0), representing an EBITDA margin of 11.9 (8.6)%.

Operating profit

The operating profit was MSEK 29.6 (5.9) and was affected by extraordinary items amounting to MSEK -1.9 (-13.8). These consist of additional costs from the acquisition of ProntoTV AS, Seasam Oy, Qyn B.V. and LiveQube AS, and costs from this year's acquisition of Webpro AS. In the previous year, the extraordinary items related to expenses for the listing process on Nasdaq Stockholm's main market and the acquisition of Seasam Oy, LiveQube AS and Qyn BV. The operating margin increased to 7.3 (3.0) %.

Financial items

Financial items totalled MSEK -4.0 (-4.2), a positive change of MSEK 8.2. MSEK 10.3 of the change is a one-time effect related to the revaluation of debt concerning the additional consideration which is planned to be adjusted during 2020. The revaluation has no impact on the company's impairment of goodwill.

Tax

Tax costs for the period were MSEK -8.0 (-3.6), equivalent to a tax rate of 23.8 (213) %. The tax rate is mainly dependent on that no tax is reported on revaluation of the contingent consideration as well as no deferred tax asset has been recognised on the parent company's tax loss.

Profit and loss for the period

Profit/loss for the period totalled MSEK 25.6 (-1.9). Earnings per share were SEK 0.87 (-0.49) before dilution, and SEK 0.85 (-0.49) after dilution.

Cash-flow

In the period, the group generated a cash flow from operating activities of MSEK 26.0 (10.4). Cash-flow from investment activities amounted to MSEK -78.1 (-117.1), of which investments into subsidiaries resulted in MSEK -66.0 (-106.4), investments in immaterial fixed assets were MSEK -9.8 (-11.2) and the acquisition of tangible assets was MSEK -2.7 (0.5). The cash-flow from financing activities amounted to MSEK 75.9 (134.6). The total cash flow in the period arrived at MSEK 23.9 (27.9).

Financial position

The equity ratio was 43% (34) at the end of the period.

The group had a total of MSEK 110.3 (72.3) in cash and cash equivalents and unused credit at December 31st, of which MSEK 83.4 (58.8) were cash and cash equivalents.

Segment reporting

Since the fourth quarter of 2016, the company has reported by segment. The segments comprise Sweden (including Denmark and other markets), Norway and Finland (including the Baltic republics). From the fourth quarter of 2017 the Netherlands have been added as a further segment following the acquisition of QYN.

The Sweden segment reports income from external customers of MSEK 48.6 (11.9) for the fourth quarter, a growth of 308%, due to the implementation of ATG where MSEK 30.5 of the project was taken to income in the quarter. EBITDA totalled MSEK 4.1 (-0.7) for the quarter, and the EBITDA margin was 8.4 (-5.6) %. The increased margin is an effect of the increased income contributed by the sales organisation.

The Norway segment reports income from external customers of MSEK 32.7 (20.7) for the fourth quarter, a growth of 58.0%. The growth is mainly organic, with some growth by acquisition in this segment. EBITDA totalled MSEK 7.4 (4.5) for the quarter, and the EBITDA margin was 22.5 (21.6)%.

The segment Finland reports income from external customers of MSEK 30.1 (27.2) for the fourth quarter, an increase of 10.7%. EBITDA totalled MSEK 2.2 (5.3) for the quarter, and the EBITDA margin was 7.4 (19.3) %. The lower margin is explained by the project delivery during the quarter, to a large extent as hardware and partly installation.

The Netherlands segment reports income from external customers of MSEK 18.9 for the fourth quarter, all of it due to the acquisition of QYN. EBITDA totalled MSEK 6.5 for the quarter, and the EBITDA margin was 34.2%.

RESULT OCT-DEC	SWEDEN		NORWAY		FINLAND		NETHERLANDS		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Contracted services (recurring)	5 949	2 273	11 407	7 724	12 751	5 021	7 214	3 920	0	0	0	0	37 321	18 938
Hardware, installation and other services	42 549	9 616	21 306	13 014	16 965	21 883	11 712	5 609	1 084	168	0	0	93 616	50 290
Internal income	63	0	0	0	337	248	0	0	214	0	-614	-248	0	0
Total income	**48 561**	**11 889**	**32 713**	**20 738**	**30 053**	**27 152**	**18 926**	**9 529**	**1 298**	**168**	**-614**	**-248**	**130 937**	**69 228**
EBITDA *)	**4 064**	**663**	**7 364**	**4 479**	**2 232**	**5 246**	**6 464**	**3 138**	**-4 028**	**-8 797**	**0**	**0**	**16 096**	**4 729**
EBITDA margin	*8,4%*	*5,6%*	*22,5%*	*21,6%*	*7,4%*	*19,3%*	*34,2%*	*32,9%*					*12,3%*	*6,8%*
Depreciation and amortisation	-79	-79	-1 574	-1 237	-734	-801	-470	-272	-2 695	-1 762	527	549	-5 025	-3 602
Operating profit	**3 985**	**584**	**5 790**	**3 242**	**1 498**	**4 445**	**5 994**	**2 866**	**-6 723**	**-10 559**	**527**	**549**	**11 071**	**1 127**
Financial income													12 815	643
Financial expenses													-1 587	-2 524
Profit before tax	**3 985**	**584**	**5 790**	**3 242**	**1 498**	**4 445**	**5 994**	**2 866**	**-6 723**	**-10 559**	**527**	**549**	**22 299**	**-754**

*) EBITDA includes a positive adjustment of extraordinary costs of MSEK 0.1. They are made up of adjustments of acquisition costs from this year's acquisition of Webpro AS. Last year they were made up of costs of MSEK 5.8 arising from the company's listing process and the acquisition of Seasam Oy, LiveQube AS and Qyn B.V.

INTANGIBLE AND TANGIBLE ASSETS DEC	SWEDEN		NORWAY		FINLAND		NETHERLANDS		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Intangible assets	0	0	10 684	9 939	10 409	12 324	2 543	1 990	383 418	323 137	4 497	2 196	411 551	349 586
Tangible assets	403	317	3 874	4 434	1 163	1 257	1 032	1 148	1 067	560	0	0	7 539	7 716
Total intangible and tangible assets	**403**	**317**	**14 558**	**14 373**	**11 572**	**13 581**	**3 575**	**3 138**	**384 485**	**323 697**	**4 497**	**2 196**	**419 090**	**357 302**

RESULT JAN - DEC	SWEDEN		NORWAY		FINLAND		NETHERLANDS		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Contracted services (recurring)	13 263	8 939	39 585	27 671	27 934	16 129	26 159	3 920	0	0	0	0	106 941	56 659
Hardware, installation and other services	118 518	29 598	66 985	45 573	71 197	61 143	38 326	5 609	2 134	130	0	0	297 160	142 053
Internal income	167	0	0	0	1 220	831	0	0	214	0	-1 601	-831	0	0
Total income	**131 948**	**38 537**	**106 570**	**73 244**	**100 351**	**78 103**	**64 485**	**9 529**	**2 348**	**130**	**-1 601**	**-831**	**404 101**	**198 712**
EBITDA *)	**6 959**	**421**	**28 395**	**22 134**	**9 318**	**13 199**	**19 271**	**3 138**	**-15 788**	**-21 866**	**0**	**0**	**48 155**	**17 026**
EBITDA margin	*5,3%*	*1,1%*	*26,6%*	*30,2%*	*9,3%*	*16,9%*	*29,9%*	*32,9%*					*11,9%*	*8,6%*
Depreciation and amortisation	-268	-252	-6 210	-4 296	-2 922	-2 018	-1 714	-272	-9 790	-5 741	2 300	1 470	-18 604	-11 109
Operating profit	**6 691**	**169**	**22 185**	**17 838**	**6 396**	**11 181**	**17 557**	**2 866**	**-25 578**	**-27 607**	**2 300**	**1 470**	**29 551**	**5 917**
Financial income													14 701	1 905
Financial expenses													-10 708	-6 127
Profit before tax	**6 691**	**169**	**22 185**	**17 838**	**6 396**	**11 181**	**17 557**	**2 866**	**-25 578**	**-27 607**	**2 300**	**1 470**	**33 544**	**1 695**

*) EBITDA includes extraordinary costs of MSEK 1.9. These consist of additional costs from the acquisition of ProntoTV AS, Seasam Oy, Qyn B.V. and LiveQube AS, and costs from this year's acquisition of Webp
Last year they were made up of costs of MSEK 13.9 arising from the company's listing process and the acquisition of Seasam Oy, LiveQube AS and Qyn B.V.

INTANGIBLE AND TANGIBLE ASSETS DEC	SWEDEN		NORWAY		FINLAND		NETHERLANDS		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Intangible assets	0	0	10 684	9 939	10 409	12 324	2 543	1 990	383 418	323 137	4 497	2 196	411 551	349 586
Tangible assets	403	317	3 874	4 434	1 163	1 257	1 032	1 148	1 067	560	0	0	7 539	7 716
Total intangible and tangible assets	**403**	**317**	**14 558**	**14 373**	**11 572**	**13 581**	**3 575**	**3 138**	**384 485**	**323 697**	**4 497**	**2 196**	**419 090**	**357 302**

Parent company

The activities of the parent company ZetaDisplay AB take in all of the operations within the Sweden segment, but also provide a number of group-wide support functions for other segments. These include software development, sales coordination, purchasing, delivery, service and support, and finance.

The parent company's sales totalled MSEK 45.5 (12.7) for the fourth quarter. The operating profit was MSEK -2.4 (-4.8) and the profit after tax was MSEK 11.8 (-6.6).

During the period, the parent company's sales totalled MSEK 134.1 (44.5). The operating profit was MSEK -5.7 (-16.5) and the profit after tax was MSEK 12.5 (-10.2).

The parent company had a total of MSEK 72.9 (30.0) in cash and cash equivalents and unused credit at 31 December, of which MSEK 59.2 (24.5) were cash and cash equivalents. Investments in fixed assets during the period amounted to MSEK 59.4 (198.7), of which investments in subsidiaries accounted for MSEK 55.1 (195.4).

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Other information

Number of employees

The average number of full-time employees was 131 over the last 12-month period, against 88 for the equivalent period last year.

Transactions with related parties

During the period, contingent consideration payments of MNOK 25.7 were made to Magari Venture AS, which is 25% owned by Ola Saeverås (Area Manager Norway and board member), and MEUR 1.9 was paid to LMD Beheer BV which is 1/3 owned by Hans Christiaan de Vaan (Area Manager Benelux).

In connection with the priority issue, it was decided to make payments for guarantee commitments to the chairman of the board Mats Johansson (TSEK 305) and directors Anders Moberg (TSEK 250), Anders Pettersson (TSEK 500) and Mats Leander (TSEK 125). The payments were made in the third quarter of 2018.

By resolution of the shareholders' meeting, subscription warrants were issued and taken up by Magari Venture AS (500,000 options), the company's CFO Ola Burmark (50,000) and CCO Daniel Oelker (50,000).

The company maintains through its subsidiary ProntoTV a consulting agreement with Magari Venture AS, which is owned and operated by four core managers at ProntoTV. The agreement is valid through the calendar years 2018, 2019, 2020.

All transactions with related parties have been conducted on normal market terms.

Apart from this, there are no significant transactions other than ordinary salaries and remuneration to senior executives, directors' fees and options issued.

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 with ordinary shares in ZetaDisplay at 31 December 2018 was 1,909

(1,444). The shareholder structure on the reporting date is shown in the table below. The company has four outstanding option programmes with a total of 1,609,082 options conferring the right to buy 1,687,036 shares in the company. Of these options, 1,009,082 have a strike price below the current market price, and 600,000 options have a strike price that is higher, representing a potential dilution of 2.2%.

SHAREHOLDER

SHAREHOLDER	NUMBER OF ORDINARY SHARES	NUMBER OF PREFERENCE SHARES	TOTAL SHARES	SHARE OF CAPITAL %	SHARE OF VOTES %
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%
Virala Oy AB	1 700 000		1 700 000	6,9%	7,0%
Prioritet Capital AB	1 212 500		1 212 500	4,9%	5,0%
Anders Moberg	1 056 251	106 521	1 162 772	4,7%	4,4%
Nordea Fonder	1 122 072		1 122 072	4,5%	4,6%
AMF Fonder	1 043 750	60 217	1 103 967	4,5%	4,3%
Magari Venture AS	1 100 000		1 100 000	4,4%	4,5%
Mats Leander	988 817	6 612	995 429	4,0%	4,1%
Martin Gullberg	818 712		818 712	3,3%	3,4%
LMD Beheer B.V (tidigare ägare Qyn B.V)	596 762		596 762	2,4%	2,5%
Mikael Hägg	590 274	20 000	610 274	2,5%	2,4%
Avanza Pension	503 585	27 155	530 740	2,1%	2,1%
Six Sis AG	461 927	54 593	516 520	2,1%	1,9%
SEB Life International	408 128		408 128	1,6%	1,7%
Leif Liljebrunn	393 966		393 966	1,6%	1,6%
Bernt Larsson	343 783	8 132	351 915	1,4%	1,4%
AB Stena Metall Finans	345 431		345 431	1,4%	1,4%
Manu Mesimäki	313 177		313 177	1,3%	1,3%
Övriga aktieägare	6 157 861	262 360	6 420 221	25,9%	25,5%
TOTAL	**24 143 717**	**606 332**	**24 750 049**	**100%**	**100%**

Finish Virala Oy Ab increased its shareholding to 2,811,681 shares (1,700,000 on 31 December) and is now ZetaDisplay's largest shareholder

Dividend payment

The Board of Directors has the intention to propose dividend payment of SEK 5,456,988, equivalent to SEK 9 per preference share, and no dividend payment for ordinary shares.

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 2017. No significant events occurred during the period which affect or change these descriptions of the group's risks and its handling of them.

Significant events after the fourth quarter

ZetaDisplay announces on 24 January that Finnish Virala Oy Ab has increased its shareholding of the company to 2,811,681 aktier (1,700,000 on 31 December 2018). The shareholding is larger than ten procent and Virala Oy Ab is now ZetaDisplay's largest shareholder.

ZetaDisplay announced on 9 February that Norwegian subsidiary ProntoTV has won the tender for delivery of Digital Signage solutions with Ruter, the public transportation company for Oslo and Akershus. The contract runs for ten years and starts immediately. The sales volume is estimated at MNOK 20.

On 22 February the Board of Directors adopts updated financial objectives for ZetaDisplay. They comprise growth ambitions within foremost contracted services and operating profit, as well as guidelines for equity ratio and to be expected dividends.

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 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, 22 February 2019

Leif Liljebrunn

President & CEO

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

This is information that ZetaDisplay AB is required to publish under the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted, on the authority of Leif Liljebrun for publication on February 22nd, kl 08:45.

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Presentation for investors, analysts and media

An interview with CEO Leif Liljebrunn about the year-end report as well as a presentation will be made available from 15:00 on 22 February 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - SUMMARY (TSEK)

	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**
Operating expenses				
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
Depriciations	-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 proft/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 dillution, SEK	25 484	17 975	23 144	15 057
Average number of common shares after dillution, SEK	25 981	18 531	23 666	15 512

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (TSEK)

	3 MONTHS OCT-DEC 2018	3 MONTHS OCT-DEC 2017	12 MONTHS JAN-DEC 2018	12 MONTHS JAN-DEC 2017
Profit/loss for the period	19 597	-2 575	25 576	-1 927
Items that may later be transferred to profit/loss for the period				
Translations differences	-10 978	894	9 723	-3 034
Comprehensive income for the period	**8 619**	**-1 681**	**35 299**	**-4 961**
Attributable to shareholders in the Parent Company	8 619	-1 681	35 299	-4 961

CONSOLIDATED BALANCE SHEET - SUMMARY (TSEK)

	2018-12-31	2017-12-31	2017-01-01
ASSETS			
Intangible assets	411 551	349 586	134 982
Tangible assets	7 539	7 716	6 272
Deferred tax assets	4 589	5 588	6 512
Financial non-current assets	274	684	0
Total non-current assets	**423 953**	**363 574**	**147 766**
Inventories	13 373	11 940	8 792
Current receivables	111 512	58 662	48 236
Cash and cash equivalents	83 389	58 771	29 657
Total current assets	**208 274**	**129 373**	**86 685**
TOTAL ASSETS	**632 227**	**492 947**	**234 451**
EQUITY AND LIABILITIES			
Equity attributable to shareholders in the Parent Company	271 458	168 508	88 120
Total equity	**271 458**	**168 508**	**88 120**
Provisions	**272**	**292**	**513**
Non-current liabilities	182 387	164 398	63 508
Current liabilities	178 110	159 749	82 310
Total liabilities	**360 497**	**324 147**	**145 818**
TOTAL EQUITY AND LIABILITIES	**632 227**	**492 947**	**234 451**

CONSOLIDATED CASH-FLOW STATEMENTS (TSEK)

	12 MONTHS JAN-DEC 2018	12 MONTHS JAN-DEC 2017
Operating activities		
Operating profit	29 551	5 917
Adjustments for depreciation and amortisation	18 604	11 110
Interest received	3 214	185
Interest paid	-10 326	-3 880
Adjustment for items not included in cash flow	-561	-978
Income tax paid	-1 313	-2 115
Cash flow from operating activities before changes in working capital	**39 169**	**10 239**
Change in working capital		
Change in inventories	-1 039	491
Change in receivables	-50 492	3 413
Change in current liabilities	38 402	-2 633
Total change in working capital	**-13 129**	**1 271**
Cash flow from operating activities	**26 040**	**11 510**
Investment activities		
Acquisition of subsidiaries *)	-18 501	-106 396
Paid contingent consideration for acquisition of subsidiaries	-47 529	0
Acquisition of intangible assets	-9 760	-11 160
Acquisition of tangible assets	-2 697	361
Sales of financial assets	433	281
Cash flow from investment activities	**-78 054**	**-116 914**
Financing activities		
Stock issue	71 772	75 968
Borrowing	30 000	150 508
Subscription warrants	1 336	0
Amortisation of debt	-32 554	-84 042
Dividends paid	-5 457	-5 457
Change in factoring costs	10 844	-2 886
Cash flow from financing activities	**75 941**	**134 091**
Cash flow for the year	**23 927**	**28 687**
Cash and cash equivalents at start of period	**58 771**	**29 657**
Exchange rate difference	**691**	**427**
Cash and cash equivalents at end of period	**83 389**	**58 771**

**) Relates to the acquisition of Webpro AS in 2018 and Seasam Oy, LiveQube AS and Qyn B.V. in 2017*

STATEMENT OF CHANGES IN EQUITY – SUMMARY (TSEK)

GROUP	CAPITAL STOCK	ADDITIONAL PAID-IN CAPITAL	TRANSLATION RESERVES	ACCUMULATED DEFICIT	TOTAL EQUITY
					Attributable to shareholders in the parent company
Opening balance 2017-01	**13 835**	**144 257**	**-1 201**	**-68 771**	**88 120**
Changes in equity					
Adjustment of accumulated deficit when applying IFRS 15	0	0	0	0	0
Adjusted opening balance 2017-01-01	**13 835**	**144 257**	**-1 201**	**-68 771**	**88 120**
Changes in equity					
2017-01-01 - 2017-12-31					
Comprehensive income for the period			-3 034	-1 927	-4 961
Transactions with shareholders:					
Distribution of preference shares		-5 457			-5 457
Stock issue	6 000	89 069			95 069
Issue expenses (incl. tax effect)		-4 263			-4 263
Closing balance 2017-12-31	**19 835**	**223 606**	**-4 235**	**-70 698**	**168 508**
Changes in equity					
2018-01-01 - 2018-12-31					
Comprehensive income for the period			9 723	25 576	35 299
Transactions with shareholders:					
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
Closing balance 2018-12-31	**24 750**	**286 342**	**5 488**	**-45 122**	**271 458**

PARENT COMPANY INCOME STATEMENT - SUMMARY (TSEK)

	3 MONTHS OCT-DEC 2018	3 MONTHS OCT-DEC 2017	12 MONTHS JAN-DEC 2018	12 MONTHS JAN-DEC 2017
Net sales	45 514	12 680	134 145	44 464
Total income	**45 514**	**12 680**	**134 145**	**44 464**
Operating expenses				
Goods for resale	-32 344	-5 453	-91 497	-18 566
Other external expenses	-5 376	-6 293	-18 311	-21 441
Personnel expenses	-9 427	-4 866	-26 127	-17 368
Depreciation and amortisation	-799	-857	-3 951	-3 597
Operating profit	**-2 432**	**-4 789**	**-5 741**	**-16 508**
Result from participations in group companie	13 319	0	24 074	10 458
Interest income	2 318	537	4 134	1 754
Interest expenses	-1 305	-2 363	-9 912	-5 590
Profit/loss after financial items	**11 900**	**-6 615**	**12 555**	**-9 886**
Tax	-83	0	-83	-328
Profit/loss for the period*	**11 817**	**-6 615**	**12 472**	**-10 214**

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

PARENT COMPANY BALANCE SHEET – SUMMARY (TSEK)

	2018-12-31	2017-12-31
ASSETS		
Intangible assets	8 579	8 961
Tangible assets	1 470	877
Participations in group companies	395 754	354 003
Deferred tax assets	1 217	1 300
Financial non-current assets	130	130
Total non-current assets	**407 150**	**365 271**
Inventories	2 991	2 212
Current receivables	55 472	25 514
Cash and cash equivalents	59 176	24 549
Total current assets	**117 639**	**52 275**
TOTAL ASSETS	**524 789**	**417 546**
EQUITY AND LIABILITIES		
Equity	243 936	165 149
Total equity	**243 936**	**165 149**
Provisions	**272**	**292**
Non-current liabilities	153 231	143 400
Current liabilities	127 350	108 705
Total liabilities	**280 581**	**252 105**
TOTAL EQUITY AND LIABILITIES	**524 789**	**417 546**

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, SE 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 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 2017. The new standards and the changes and revisions to standards and new interpretations (IFRIC) which took effect on 1 January 2018 had no effect on the group's reporting for the financial year 2018, except for the new standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

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.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments

Reporting and valuation IFRS 9 deals with the classification, measurement and reporting of financial assets and liabilities. A project was run in 2017, based on the parts of IFRS 9 judged to have a bearing on the company: classification, measurement and documentation of financial assets and liabilities, and an analysis of the effects of the transition to a new model for reporting expected credit losses using an 'expected loss model'. Based on this, our view is that the new standard has no impact on the group's financial reports for 2018.

A full description of the accounting principles will be given in the annual report for 2018.

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts.

IFRS 15 contains a five-stage model that establishes the principles for reporting revenue from customer contracts. ZetaDisplay has opted to apply the full retrospective approach as a transitional method when IFRS 15 is introduced. The basic principle is that reported revenues should reflect expected payments when the various undertakings in the contract with the customer are discharged. ZetaDisplay evaluated the effects of the new standard in 2017 by identifying and analysing the most significant revenue streams in the group. The analysis concluded that revenues are generally reported at the same point as under the present standard and application. ZetaDisplay therefore concludes that the introduction of IFRS 15 has had no significant effects on the Group's accounts.

In the consolidated balance sheet and in the statement of changes in equity, the opening balances are presented after implementation of IFRS 15. In view of the materiality principle, ZetaDisplay has chosen not to retroactively adjust the revenues for the comparison period. Thus, no differences occur in the accounting after implementation, why no adjustments to the opening balances are reported.

Full description of the accounting principles will be given in the annual report for 2018. Otherwise, the same accounting principles and calculation methods have been applied as in the latest published annual report.

IFRS 16 Leasing supersedes IAS 17

In January 1, 2019, the Group will begin to apply IFRS 16 Leases. The standard regulates the accounting of leases and will replace IAS 17 "Leases" and related interpretations. The standard requires that assets and liabilities attributable to all leases, with some exceptions, are reported in the balance sheet. This accounting is based on the view that the lessee has a right to use an asset for a specific period and at the same time an obligation to pay for this right. The work of analyzing and evaluating the effects of the introduction of the new standard on the Group's financial reporting has essentially been completed.

The Group has identified about 30 agreements at the time of transition that are affected by the new accounting standard, where most of the contracts relate to leasing agreements for cars and rental premises. The Group's financial reporting will primarily be affected by the rental premises.

The Group has chosen to apply the new standard by using the modified retroactive transition method, which means that the comparative figures will not be recalculated. This means that the full effect of applying IFRS 16 is adjusted in the opening balances for the financial year 2019.

For all contracts, the transition date has been used as the start date for calculating both asset and debt. The period for the right of use assets have been determined based on the contract period, and with knowledge of termination and extension clauses and assessment of the asset's significance for the business.

The leasing liabilities will be valued at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of January 1, 2019. The incremental borrowing rate has been determined based on the Group's interest rate for external loans. As financing is made centrally, the same incremental borrowing rate is used for each region, as the effect of risk-free interest rates is deemed low.

The right of use asset will be reported at an amount corresponding to leasing liabilities, adjusted for any prepaid or accrued payments attributable to the leasing agreement, which were reported as of December 31, 2018. Thus, the transition from IFRS 16 will not have any material impact on the Group's equity.

ZetaDisplay will apply the practical exceptions and report payments relating to short-term leases and leases for assets of low value as an expense in the income statement. Nor will the Group apply IFRS 16 for intangible assets.

The Group assess that the introduction of the new standard will have the following effects on the balance sheet:

Preliminary effects IFRS 16 (TSEK)

	2019-01-01
Right-of-use asset	16 671
Prepayed costs	-1 005
INCREASE ASSETS	**15 666**
Long term financial leasing debt	10 400
Short term financial leasing debt	5 266
INCREASE LIABILITIES	**15 666**

The Group's expectation is that IFRS 16, based on the identified contract at the time of transition, will improve EBITDA of SEK 5.6 million as a result of the change from operational leasing to financial leasing. This will instead result in increased depreciation of SEK 5.4 million and increased interest expenses of SEK 0.3 million. The effect on profit before tax in 2019 is estimated to be approximately SEK -0.1 million.

Not 3 Financial assets and liabilities

(TSEK)

	2018-12-31	2017-12-31	2017-01-01
Loans and receivables			
Trade accounts receivable	79 957	47 571	40 155
Other financial receivables	274	684	0
Cash and cash equivalents	83 389	58 771	29 657
Financial assets	**163 621**	**107 026**	**69 812**
Financial liabilities			
Other financial liabilities valued at amortised cost			
Liabilities to credit institutions	156 696	148 087	64 928
Liabilities to related parties	461	442	0
Trade accounts payable	37 176	29 083	23 622
Financial liabilities measured at fair value			
Contingent considerations relating to acquisitions	65 111	86 932	26 350
Financial liabilities	**259 444**	**264 544**	**114 900**

Contingent considerations	Pronto	Qyn	LiveQube	Webpro	Totalt
Opening balance 2018-01-01	25 000	58 062	3 870	0	**86 932**
Exchange rate changes	1 855	2 351	116	-2 063	**2 259**
Additional contingent considerations	705	0	0	0	**705**
Settlement of contingent considerations	-27 560	-19 312	-657	0	**-47 529**
Assessments contingent considerations	0	-10 275	0	0	**-10 275**
Contingent consideration relating to acquisitions	0	0	0	33 019	**33 019**
Closing balance 2018-12-31	**0**	**30 826**	**3 329**	**30 956**	**65 111**

	Pronto	Qyn	LiveQube	Webpro	Totalt
Expected payment 2018	0	0	0	0	**0**
Expected payment 2019	0	20 551	0	0	**20 551**
Expected payment 2020	0	10 275	3 329	30 956	**44 560**
Total expected payment	**0**	**30 826**	**3 329**	**30 956**	**65 111**

The liabilities are contingent considerations relating to acquisitions. In 2018, a changed assessment has been made regarding the expected payment in 2020 of the additional purchase price to the previous owners of Qyn B.V. This is because the EBITDA target is not expected to be fully achieved. According to the new assessment, 50% of the agreed additional purchase price is expected to be paid. TSEK 10.275 has therefore been reported as financial income in the consolidated income statement.

No other 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.

Not 4 Business combinations

On 31 August 2018, the group acquired 100% of the share capital in Webpro AS for MNOK 50. Webpro is a Norwegian company which develops and sells customised solutions within digital signage which are implemented all over the world. The company's biggest customers are IKEA and McDonalds in Russia. The acquisition of Webpro AS is in line with the adopted growth strategy and further strengthens the group's delivery capacity, enabling it to take a big step forward in the international digital signage sector.

An updated acquisition balance has been obtained and based on the now updated figures and after contractual adjustments, the purchase price was reduced by TNOK 1.096. At the same time the allocation of the surplus values changed based on the new conditions. For updated acquisition price, balance and allocation of surplus values see tables below.

Payments carried forward

TSEK	Webpro AS
Cash and cash equivalents	20 423
Contingent consideration *)	33 019
Total payments carried forward	**53 442**

**) According to the contingent consideration agreement, the company will pay the sellers a further MNOK 30.2. The first payment is expected during 2020 if Webpro AS achieves the agreed target license income for the period 2019-07-01 to 2020-06-30. The management thinks it likely that the contingent consideration will be paid. The fair value on the acquisition date of the total contingent consideration is estimated at TSEK 33.019.*

Acquisition costs total TSEK 905 and have been reported in the income statement as other external expenses.

Reported amounts as at the acquisition date for acquired net assets

TSEK	Webpro AS Group
Non-current assets	
Deferred tax asset	258
Current assets	
Trade accounts receivable	677
Other receivables	28
Cash and cash equivalents	1 922
Current liabilities	
Trade accounts payable	-632
Other current liabilities	-560
Accrues expenses and prepaid income	-916
Identified assets and liabilities, net	**777**
Payments carried forward	53 442
Surplus value	52 665
Allocation of surplus value:	
Goodwill	32 200
Customer relations	26 577
Deferred tax	-6 113

According to the preliminary balance for the acquisition, the difference between Webpro's net assets is MSEK 52.7, with MSEK 26.6 provisionally allocated to customer relations, MSEK 6.1 to deferred tax and MSEK 32.2 to goodwill. Customer relations are based on a service life of ten years. The goodwill is attributable to benefits from the expected development of future markets, revenue growth and the overall workforce in the company. None of the goodwill is tax-deductible.

Net cash flow from business combinations

TSEK	Webpro AS
Cash payments	20 423
Minus: Cash and cash equivalents acquired	-1 922
Net cash flow	**18 501**

Effect of the acquisition on consolidated profit/loss

If the acquisition had taken place on 1 January 2018, the group's income would have been MSEK 413.8 and its profit after tax MSEK 24.9.

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**
Gross margin	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 and
Equity per share	Equity divided by the number of shares outstanding at end of period.	Measure of the company's net value per share.
EBITDA	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.
EBITDA margin	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.
Contract services (recurring)	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.
Operating profit	Profit/loss for the period before financial items and tax.	Operating profit is a useful indicator of income from operating activities.
Operating margin	Operating profit in relation to net sales.	The operating margin is a useful indicator to compare the change in operating profit between two periods.
Equity Ratio	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)	OCT-DEC 2018	OCT-DEC 2017	JAN-DEC 2018	JAN-DEC 2017
License income	30 712	12 895	83 175	37 362
Support and other contractual services	6 609	6 043	23 766	19 296
Total recurring income	**37 321**	**18 938**	**106 941**	**56 658**

As of 2017, The Group made a definition of recurring income and figures for proforma 2017 are therefore not available.

GROSS MARGIN

(TSEK)	OCT-DEC 2018	OCT-DEC 2017	JAN-DEC 2018	JAN-DEC 2017
Net sales	130 937	69 228	404 101	198 712
Total income	**130 937**	**69 228**	**404 101**	**198 712**
Operating expenses				
Goods for resale	-75 335	-30 515	-219 421	-86 700
Gross profit	**55 602**	**38 713**	**184 680**	**112 012**
Gross margin (%)	**42,5**	**55,9**	**45,7**	**56,4**

EBITDA

(TSEK)	OCT-DEC 2018	OCT-DEC 2017	JAN-DEC 2018	JAN-DEC 2017
Operating profit	11 071	1 127	29 551	5 917
Depreciation and amortisation	5 025	3 602	18 604	11 109
EBITDA	**16 096**	**4 729**	**48 155**	**17 026**
EBITDA-margin (%)	**12,3**	**6,8**	**11,9**	**8,6**

OPERATING MARGIN

(TSEK)	OCT-DEC 2018	OCT-DEC 2017	JAN-DEC 2018	JAN-DEC 2017
Net sales	130 937	69 228	404 101	198 712
Operating profit	11 071	1 127	29 551	5 917
Operating margin (%)	8,5	1,6	7,3	3,0

EQUITY PER SHARE

	2018-12-31	2017-12-31
Equity (TSEK)	271 458	168 508
Total ordinary shares at end of period	24 143 717	19 228 250
Equity per share (SEK)	11,24	8,76

EQUITY RATIO

	2018-12-31	2017-12-31
Equity	271 458	168 508
Totalt assets	632 227	492 947
Equity ratio (%)	42,94	34,18

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 aid 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