

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

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 during the quarter. 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 installation at 2,000 shops started across the country. The complex solutions required approximately 5,000 hours 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 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 service 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 profitability 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.

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 Liljebrunn for publication on February 22nd, kl 08:45.

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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