

ZetaDisplay continues to grow as a software and service company and invests for the future

October – December 2019

- Net sales increased by 10 % to SEK 144.3 (130.9) million
- SaaS-revenues (recurring)* increased by 24% to SEK 40.0 (32.3) million
- ARR (Annual recurring revenue) increased by 28 % to SEK 165.5 (129.8) million
- EBITDA amounted to SEK 21.2 (16.1) million
- Operating profit amounted to SEK 12.8 (11.1) million
- Earnings per share before and after dilution amounted to SEK 0.07 (0.72) and 0.07 (0.70)

January – December 2019

- Net sales increased by 8% to SEK 436.1 (404.1) million
- SaaS-revenues (recurring)* increased by 35 % to SEK 137.1 (101.9) million
- ARR (Annual recurring revenue) increased by 28 % to SEK 165.5 (129.8) million
- EBITDA amounted to SEK 52.2 (48.2) million
- Operating profit amounted to SEK 3.4 (29.6) million**
- Earnings per share before and after dilution amounted to SEK 0.22 (0.87) and 0.22 (0.85)

Significant events during the quarter

- ZetaDisplay AB acquired 100% of Gaudi BV for a cash compensation of SEK 52.9 million and an additional performance-based payment up to SEK 18.5 million. Gaudi BV was integrated into ZetaDisplay BV from 10 October 2019.

Significant events after the quarter

- ZetaDisplay AB announces the introduction of an updated organization for increased scalability and international growth. The Group will move from a geographical to a function-based organization. The organization will be effective during March 2020.

FINANCIAL INDICATORS (TSEK)	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC
	2019	2018	2019	2018
Net sales	144 318	130 937	436 131	404 101
SaaS-revenues (recurring) *	39 986	32 287	137 089	101 907
Annual recurring revenue (ARR)	165 468	129 828	165 468	129 828
Gross margin (%)	52,3	42,5	52,3	45,7
EBITDA	21 208	16 096	52 202	48 155
EBITDA-margin (%)	14,7	12,3	12,0	11,9
Operating profit **	12 786	11 071	3 428	29 551
Operating margin (%)	8,9	8,5	0,8	7,3
Profit/loss for the period	1 886	19 597	15 041	25 576
Equity ratio (%)	34,8	42,9	34,8	42,9
Equity per share	10,03	11,24	10,03	11,24
Earnings per share before dilution (SEK)	0,07	0,72	0,22	0,87
Earnings per share after dilution (SEK)	0,07	0,70	0,22	0,85

*Previously named contracted services (recurring). For definition and reasons see page 22.

**Affected by items affecting comparability. See more on page 6.

Comments from the CEO

ZetaDisplay continues to grow as a software and service company and invests for the future

ZetaDisplay continued in the fourth quarter to increase SaaS-revenues and drive international growth. SaaS-revenues increased by 24% compared to the same period last year and represents 28% of net sales. The performance measurement Annual recurring revenue (ARR) increased by 28%. The acquisition of Dutch Gaudi BV during the month of October strengthens the Group's leading position in the Benelux area.

Net sales for the quarter amounted to SEK 144.3 million, an increase of 10% compared to the same period last year. The increase is mainly attributable to the acquisition of Gaudi BV. The increased share of SaaS-revenues and the acquisition strengthens the gross margin. Gross profit increased by SEK 19.9 million to SEK 75.5 (55.6) million corresponding to 52.3 (42.5) %.

The Group's international growth ambition has continued to affect overhead costs, while the acquisition has contributed a positive EBITDA effect compared to the previous year. EBITDA for the period amounted to SEK 21.2 (16.1) million, corresponding to a margin of 14.7 (12.3) %.

A strong full year 2019

2019 is the year where our efforts to increase SaaS-revenues and scalability in the organization have led to clear improvements. Net sales for the year amounted to SEK 436.1 (404.1) million, an increase of 8% compared to last year. SaaS-revenues grew by 35% to SEK 137.1 (101.9) million and now account for 32 (25) % of net sales. The organic growth in SaaS-revenues amounted to 19.1%. Annual recurring revenue (ARR) increased by 28% to SEK 165.5 (129.8) million.

We raised our financial ambition at the beginning of the year and updated our financial objectives. By 2022, SaaS-revenues shall amount to SEK 200 million and operating profit of SEK 100 million. During the year we have managed to get closer to these objectives with continuously improved results. Consistently, the segments have increased their SaaS-revenues as effect of increased service and software solutions in our deliveries.

Our deliveries to global customers require continuous development of our software as well as of our product – and service offering. Our 160 employees have shown great commitment to meet

customer needs even in the rapid pace of change we are in.

In order to secure the Group's ability to grow further organically and through acquisitions, a non-secured senior bond of SEK 300 million was issued during September. The market interest was strong, and the issue was oversubscribed.

Our development focus remains on investments in software and concept development. On the acquisition side, we concentrate mainly on large European Digital Signage markets. The companies we are looking at are profitable, with an attractive market position and access to internationally oriented customers.

In line with our increased internationalization, the Board of Directors decided in early January 2020 on an updated organization for the company. The purpose is to move from local to international business management. Our major projects during the year have shown that by bringing together competences across national borders, we can create an offering that provides our customers and ourselves with scalability, efficiency and innovation.

Outlook

Market demand remains strong. We are an important part of our customers' digital transformation and therefore we develop and streamline our international organization further. Furthermore, we add services, invest in our soft-ware and conceptually know-how. These combined activities are creating a clear added value for our customers.

During the financial year 2020 we serve a stable international customer base and we look forward to a positive development in the coming quarters.

Malmö, 7 February 2020

Per Mandorf

President & CEO

Financial reporting dates

Annual report 2019	6 April 2020
Interim report Jan-March 2020	4 May 2020
Annual General Meeting 2019	4 May 2020
Interim report Jan-June 2020	21 July 2020

The market

Digital signage is a software steered interface for communication with consumers within a retail environment or with employees in larger organizations as well as communication in public spaces. Digital communication is now an integral part of the new communications concept that retailers and other companies are developing for the future. This creates an interesting, expanding market for ZetaDisplay, supplying a 360-degree concept covering strategy, planning, software, hardware, installation and content production, analysis as well as 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 service solutions are increasing as an important part of the business after the initial installation and produce steady SaaS-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 fourth quarter

ZetaDisplay announced on 10 October that all shares in the Dutch company Gaudi BV were acquired by its subsidiary ZetaDisplay BV.

The total purchase price amounted to SEK 71.4 million, where SEK 52.9 million was paid in cash at takeover and SEK 18.5 million constituted conditional additional purchase prices, which may be triggered based on performance targets for 2019 and its fair value is based on assessment of the probability of achieving the set targets. The acquisition is financed through available cash. ZetaDisplay has the right to pay up to approximately SEK 10.8 million of the additional purchase price in the form of ordinary shares in ZetaDisplay AB.

During 2018, net sales in Gaudi BV amounted to SEK 49 million and EBITDA of SEK 8.2 million.

Significant events after the fourth quarter

ZetaDisplay announced on January 16 the introduction of an updated organization for increased scalability and international growth. The Group will move from a geographical to a function-

41 % of total sales were recurring revenue.

Through the acquisition, ZetaDisplay becomes the leading Digital Signage player in Benelux, accelerating its international expansion. Gaudi is an important complement to ZetaDisplay's existing operations. Through the acquisition, the aim is a scalable integration and business since both companies share similar software and have a complementary customer base. This will create direct value for ZetaDisplay's customers and improve current market position.

The acquired business is consolidated in the ZetaDisplay Group from 10 October 2019 and is part of the Netherlands segment.

based organization that includes Commercial, Operations, Product & Software and group functions, while maintaining local presence. The organization will come effective during March 2020.

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

Fourth quarter October-December 2019

Net sales

Net sales for the quarter increased by 10.2% to SEK 144.3 (130.9) million, compared with the corresponding quarter of the previous year. The increase is attributable to acquisitions. Excluding the acquisition, net sales have decreased, which is explained by lower sales of hardware, as there was a bigger roll-out during fourth quarter previous year. SaaS-revenues increased by 24% to SEK 40.0 (32.3) million. Annual recurring revenue (ARR) increased by 28% to SEK 165.5 (129.8) million. Organic growth at fixed exchange rates was -4.7%, while organic growth in SaaS-revenues was 2.8%.

Of total net sales, SaaS-revenues accounted for 28 (25) %.

Gross Profit

Gross profit amounted to SEK 75.5 (55.6) million, corresponding to a gross margin of 52.3 (42.5) %. The higher gross margin is mainly explained by a larger share of SaaS-revenues and recovered hardware and installation margins compared to the previous year.

Operating expenses

The cost of goods sold amounted to SEK -68.8 (-75.3) million and mainly consists of hardware and installations. The difference is attributable to bigger roll-out projects during previous year.

Other expenses amounted to SEK -21.2 (-13.5) million and are mainly explained by the use of external resources.

Personnel costs amounted to SEK -36.0 (-27.2) million. The increase is explained by the increasing number of employees that have been added to strengthening competencies centrally and acquisitions.

Depreciation amounted to SEK -8.4 (-5.0) million. The increase is mainly attributable to the introduction of IFRS 16.

EBITDA

EBITDA amounted to SEK 21.2 (16.1) million, corresponding to an EBITDA margin of 14.7 (12.3) %.

The group's international growth ambitions have entailed increased overhead, both centrally and locally. Its negative impact on EBITDA in comparison with the previous year is dampened by improved gross margin due to a larger share of SaaS-revenues.

The introduction of IFRS 16 has a positive effect on EBITDA of SEK 2.5 million with comparable increase in depreciation, in comparison with the previous year.

Operating profit

Operating profit amounted to SEK 12.8 (11.1) million, corresponding to a margin of 8.9 (8.5) %.

Operating profit is affected by items affecting comparability attributable to acquisition-related costs. This year these amounted to SEK -1.6 million related to the acquisition of Gauddi BV. In the previous year, these amounted to SEK +0.1 million related to adjustment of acquisition costs for Webpro AS.

Adjusted for these effects, operating profit amounted to SEK 14.4 (11.0) million, corresponding to an operating margin of 10.0 (8.4) %.

Financial items

The financial items amounted to SEK -7.7 (11.2) million. Previous year is affected by a one-time effect of SEK 10.3 million relating to revaluation of contingent considerations for acquired companies. Other changes consist of increased interest expenses for the quarter attributable to the bond loan.

Tax

The tax expense for the quarter amounted to SEK -3.2 (2.7) million. The tax expense is high in relation to earnings, mainly due to that no deferred tax claim for the deficit of the year in the parent company has been accounted for.

Profit and loss for the quarter

Profit for the quarter amounted to SEK 1.9 (19.6) million. Earnings per share amounted to SEK 0.07 (0.72) before dilution and the corresponding of SEK 0.07 (0.70) after dilution.

January - December 2019

Net sales

Net sales for the period increased by 7.9% to SEK 436.1 (404.1) million, compared with the corresponding period last year. Growth is explained by acquisitions and increased SaaS-revenues in all segments. SaaS-revenues increased by 35% to SEK 137.1 (101.9) million. Annual recurring revenue (ARR) increased by 28% to SEK 165.5 (129.8) million. Organic growth at fixed exchange rates amounted to -0.9% and organic growth in SaaS-revenues was 19.1%. Of total net sales, SaaS-revenues accounted for 32 (25) %.

Gross Profit

Gross profit amounted to SEK 228.1 (184.7) million, corresponding to a gross margin of 52.3 (45.7) %. The higher gross margin is mainly explained by a larger share of SaaS-revenues and recovered hardware and installation margins compared to the previous year.

Operating expenses

The cost of goods sold amounted to SEK -208.0 (-219.4) million and mainly consists of hardware and installations. This year there are increased sales related to several implementation projects which increase costs, but the difference is less in the period as a result of the deliveries of hardware to ATG the previous year.

Other expenses amounted to SEK -63.1 (-46.6) million and are mainly explained by the use of external resources.

Personnel costs amounted to SEK -122.6 (-98.0) million and the increase is explained by the increasing number of employees that have been added to strengthening competencies centrally and through acquisitions.

Depreciation amounted to SEK -48.8 (-18.6) million. Due to the trademark change from Qyn BV to ZetaDisplay BV, a one-time write-down of SEK 20.9 million of trademarks related to ZetaDisplay BV (formerly Qyn BV) affected the total depreciation. Remaining increase is mainly attributable to the introduction of IFRS 16.

EBITDA

EBITDA amounted to SEK 52.2 (48.2) million, corresponding to an EBITDA margin of 12.0 (11.9) %. The introduction of IFRS 16 has a positive effect on EBITDA of SEK 7.5 million with comparable increase in depreciation compared to the previous year.

The group's international growth ambitions have entailed increased overhead, both centrally and locally. Its negative impact on EBITDA in

comparison with the previous year is slightly dampened by improved gross margin due to a larger share of SaaS-revenues.

Operating profit

Operating profit amounted to SEK 3.4 (29.6) million, corresponding to an operating margin of 0.8 (7.3) %. Operating profit is affected by items affecting comparability such as this year's write-down of trademarks of SEK 20.9 million and acquisition costs of SEK 1.6 million. In the previous year, acquisition costs amounted to SEK 1.9 million. Adjusted for these effects, operating profit amounted to SEK 25.9 (31.5) million, corresponding to an operating margin of 5.9 (7.8) %.

Financial items

The financial items amounted to SEK 13.2 (3.9) million. SEK 26.1 (10.3) million has a positive impact on financial items as a result of revaluation of contingent considerations for acquired companies. Other changes consist of increased interest costs for the period attributable to the bond loan.

Tax

The tax expense for the period amounted to SEK -1.6 (-8.0) million. The level of the tax rate is mainly due to the fact that no tax is recognized on the revaluation of contingent considerations.

Profit and loss for the period

Profit for the period amounted to SEK 15.0 (25.6) million. Earnings per share amounted to SEK 0.22 (0.87) before dilution and the corresponding of SEK 0.22 (0.85) after dilution.

Cash flow

During the period, the Group generated a cash flow from operating activities of SEK 12.8 (26.0) million. Cash flow from the investing activities amounted to SEK -88.5 (-78.1) million, of which the payment of the contingent considerations of acquisitions amounted to SEK -20.9 (-47.6) million, acquisitions of subsidiaries of SEK -47.4 (-18.5) million, investments in intangible fixed assets to SEK -15.6 (-9.8) million and acquisitions of tangible assets amounted to SEK -5.2 (-2.7) million. Cash flow from financing activities amounted to SEK 119.4 (75.9) million. The total cash flow during the period amounted to SEK 43.7 (23.9) million.

Financial position

The equity ratio at the end of the period was 34.8 (42.9) %. The Group had a total of SEK 169.3 (110.3) million in cash and cash equivalents and unutilized credits as of December 31, of which SEK 128.3 (83.4) million related to cash and cash

equivalents. Net debt at the end of the period amounted to SEK -200.3 (-73.8) million.

Segments

ZetaDisplay reports in segments. The segments consist of Sweden (including Denmark and other markets), Norway and Finland (including the

Fourth quarter October-December 2019

Segment Sweden reports income from external customers of SEK 35.0 (48.5) million for the fourth quarter, corresponding to a decrease of 27.8%. The decrease is attributable to lower sales in hardware, installation and other services as there was a big roll-out during the fourth quarter previous year. EBITDA amounted to SEK 2.4 (4.1) million for the quarter and the EBITDA margin to 6.7 (8.4) %.

Segment Norway reports income from external customers of SEK 42.8 (32.7) million for the fourth quarter, corresponding to growth of 30.9%. The growth is organic. EBITDA amounted to SEK 10.4 (7.4) million for the quarter and EBITDA margin to 24.2 (22.5) %.

Segment Finland reports income from external customers of SEK 28.1 (29.7) million for the fourth quarter, corresponding to a decrease of 5.6%. SaaS-revenues has increased by SEK 0.9 million

January-December 2019

Segment Sweden reports income from external customers of SEK 114.5 (131.8) million, corresponding to a decrease of 13.2%. The reason for the decrease is lower proportion of hardware, installation and other services as there was a big roll-out in the third and fourth quarters the previous year. EBITDA amounted to SEK 2.4 (7.0) million for the period and the EBITDA margin to 2.1 (5.3) %.

Segment Norway reports income from external customers of SEK 136.4 (106.6) million, corresponding to growth of 28.0%. The growth is organic. EBITDA amounted to SEK 34.5 (28.4) million for the period and EBITDA margin to 25.3 (26.6) %.

Segment Finland reports income from external customers of SEK 105.3 (99.1) million,

Baltic), the Netherlands as well as segment Group-wide. A comparison for the fourth quarter and for the full year is presented below. For financial information by segment and for the period see Note 3

compared to the same quarter last year. The reported decrease is related to the accrual of SaaS-revenues in 2018 as well as reduced sales of hardware, installation and other services. EBITDA amounted to SEK 3.7 (2.2) million for the quarter and EBITDA margin to 13.1 (7.4) %.

Segment Netherlands reported income from external customers of SEK 37.2 (18.9) million for the fourth quarter, corresponding to an increase of 96.8%. EBITDA amounted to SEK 11.6 (6.4) million for the quarter and EBITDA margin to 29.4 (34.2) %. The increase is explained in full by the acquisition of Gaudi.

Group-wide costs increased by 30.3% from SEK 8.1 million to SEK 10.5 million. The cost increase is related to increased harmonization, professionalization and internationalization of the entire group.

corresponding to an increase of 6.2%. The growth is organic. EBITDA amounted to SEK 15.6 (9.3) million for the period and EBITDA margin to 14.7 (9.3) %.

Segment Netherlands reports income from external customers of SEK 77.5 (64.5) million, corresponding to an increase of 20.2%. EBITDA amounted to SEK 22.0 (19.3) million for the period and EBITDA margin to 26.6 (29.9) %. The increase is explained in full by the acquisition of Gaudi.

Group-wide costs have increased by 34.9% from SEK 25.1 million to SEK 33.9 million. The cost increase is related to increased harmonization, professionalization and internationalization of the entire group.

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 37.2 (45.5) million, for the fourth quarter. Operating profit amounted to SEK -0.5 (-2.4) million and profit after tax to SEK 9.2 (11.8) million.

The parent company had a total of SEK 133.4 (72.9) million in cash and cash equivalents and unutilized credits as of December 31, of which SEK 110.4 (59.2) million related to cash and cash equivalents.

Investments in fixed assets during the period amounted to SEK 12.3 (59.4) million, of which investments in subsidiaries amounted to SEK 0.0 (55.1) million and investments in intangible assets amounted to SEK 9.6 (3.2) million.

Other information

Number of employees

The average number of employees was 158 over the last 12 months period

against 131 for the equivalent period last year.

Transaction 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.

All transactions are deemed to be on market terms.

In addition, there are no significant transactions except ordinary salaries and remuneration to senior executives and their companies, board fees, issued options and share-based incentive programs

Share-based incentive programs

The exercise period of the employee stock options TO 2016/19 was closed on 31 March 2019. Each warrant came after translation to qualify for 1.05 ordinary shares at the subscription price of SEK 8.20. The shares were registered during the month of April. In total, 521,327 ordinary shares were subscribed, of which 436,824 were subscribed by senior executives. This means that the company is added MSEK 4.4 with a dilution effect of 2.0%.

According to a decision at the AGM, employee incentive plan TO 2019/2022:1 have been launched to the Group's employees. A total of 329,750 options were signed and issued at the first subscription in June, of which 217,500 were subscribed by senior executives. A further 75,000 options were subscribed for by the CEO in the fourth quarter. In total, this corresponds to a dilution effect of approximately 1.5% if all warrants were to be exercised.

The share and shareholders

Since December 4, 2017, ZetaDisplay's share has been traded at Small Cap at Nasdaq, the main stock exchange in Stockholm, Sweden. The share is traded under the short code ZETA.

Erik Penser Bank is the 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 1,925 (1,909) as of December 31, 2019. The shareholder structure per balance sheet date is shown in the table on the next page.

In accordance with the AGM's decision, in August the company conducted a redemption of all 606,332 preferred shares. Redemption was made at a price of SEK 110 per preference share and a total of SEK 66.7 million was paid to preference shareholders.

On 30 September 2019, the last exercise period of ZETA TO 1 was completed. In total, 499,969 warrants were used for subscription of 524,967 ordinary shares at subscription price SEK 11.43 per ordinary share. The subscription rate amounted to 99.4 percent and through the warrants, ZetaDisplay is added 6.0 MSEK before issue costs.

The company has two outstanding options programs of total 1,004,750 options with the right to subscribe for 1,032,250 shares in the company. The programs refer to long-term incentive programs to staff and senior executives.

All outstanding warrants have a subscription price that exceeds the current share price and therefore no dilution in the period

SHAREHOLDER	NUMBER OF ORDINARY SHARES	TOTAL SHARES	SHARE OF CAPITAL %	SHARE OF VOTES %
Valeado AB (Virala Oy Ab)	3 748 651	3 748 651	14,0%	14,0%
Anders Pettersson	2 774 586	2 774 586	10,4%	10,4%
Mats Johansson	2 598 629	2 598 629	9,7%	9,7%
AMF Fonder	1 176 227	1 176 227	4,4%	4,4%
Anders Moberg	1 174 724	1 174 724	4,4%	4,4%
Magari Venture AS	1 100 000	1 100 000	4,1%	4,1%
Mats Leander	1 015 000	1 015 000	3,8%	3,8%
Prioritet Capital AB	812 500	812 500	3,0%	3,0%
Martin Gullberg	766 500	766 500	2,9%	2,9%
Leif Liljebrunn	742 628	742 628	2,8%	2,8%
Nordea Fonder	616 215	616 215	2,3%	2,3%
Avanza Pension	601 449	601 449	2,2%	2,2%
Mikael Hägg	600 000	600 000	2,2%	2,2%
LMD Beheer B.V (previous owner Qyn B.V)	596 762	596 762	2,2%	2,2%
SixSis AG	540 029	540 029	2,0%	2,0%
SEB Life International	421 503	421 503	1,6%	1,6%
Manu Mesimäki	313 177	313 177	1,2%	1,2%
Other shareholders	7 201 431	7 201 431	26,9%	26,9%
TOTAL	26 800 011	26 800 011	100%	100%

Dividend payment

The Board of Directors has the intention to propose to the Annual General Meeting that no dividend is paid regarding the 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 minimizing 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.

Financial objectives

The 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 SaaS-revenues of total 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:

The financial objectives are

- SaaS-revenues 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%.

Malmö 7 February 2020

Per Mandorf

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 year end report is such information that ZetaDisplay AB (publ) is required to disclose under the EU market abuse regulation. The information was submitted, on the authority of Per Mandorf for publication on 7 February at 08:00

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

	3 MONTHS OCT-DEC 2019	3 MONTHS OCT-DEC 2018	12 MONTHS JAN-DEC 2019	12 MONTHS JAN-DEC 2018
Net turnover	144 318	130 937	436 131	404 101
Capitalized work on own account	2 968	1 143	9 756	8 061
Total Revenue	147 286	132 080	445 887	412 162
<i>Operating expenses</i>				
Goods for resale	-68 843	-75 335	-207 992	-219 421
Other external expenses	-21 247	-13 473	-63 078	-46 605
Personnel expenses	-35 988	-27 176	-122 615	-97 981
Depreciations and write-downs	-8 422	-5 025	-48 774	-18 604
Operating profit	12 786	11 071	3 428	29 551
Financial income	687	12 815	29 042	14 701
Financial expenses	-8 341	-1 587	-15 809	-10 708
Profit/loss after financial items	5 132	22 299	16 661	33 544
Tax	-3 246	-2 702	-1 620	-7 968
Net profit/loss	1 886	19 597	15 041	25 576
Profit/loss per share before dilution, SEK	0,07	0,72	0,22	0,87
Profit/loss per share after dilution, SEK	0,07	0,70	0,22	0,85
Average number of common shares before dilution, SEK	28 746	25 484	27 828	23 144
Average number of common shares after dilution, SEK	28 746	25 981	27 828	23 666

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(TSEK)**

	3 MONTHS OCT-DEC 2019	3 MONTHS OCT-DEC 2018	12 MONTHS JAN-DEC 2019	12 MONTHS JAN-DEC 2018
Profit/loss for the period	1 886	19 597	15 041	25 576
Items that may later be transferred to profit/loss for the period				
Translations differences	-10 273	-10 978	9 603	9 723
Comprehensive income for the period	-8 387	8 619	24 644	35 299
Attributable to shareholders in the Parent Company	-8 387	8 619	24 644	35 299

**CONSOLIDATED BALANCE SHEET - SUMMARY
(TSEK)**

	2019-12-31	2018-12-31
ASSETS		
Intangible assets	474 335	411 551
Tangible assets	9 492	7 539
Right of use assets	19 358	0
Deferred tax assets	3 183	4 589
Financial non-current assets	130	274
Total non-current assets	506 498	423 953
Inventories	9 779	13 373
Current receivables	128 773	111 512
Cash and cash equivalents	128 289	83 389
Total current assets	266 841	208 274
TOTAL ASSETS	773 339	632 227
EQUITY AND LIABILITIES		
Equity attributable to shareholders in the Parent Company	268 759	271 458
Total equity	268 759	271 458
Provisions	352	272
Non-current liabilities	327 436	182 387
Current liabilities	176 792	178 110
Total liabilities	504 228	360 497
TOTAL EQUITY AND LIABILITIES	773 339	632 227

**CONSOLIDATED CASH-FLOW STATEMENTS
(TSEK)**

	12 MONTHS JAN-DEC 2019	12 MONTHS JAN-DEC 2018
Operating activities		
Operating profit	3 428	29 551
Adjustments for depreciation and amortisation	48 774	18 604
Interest received	1 080	3 214
Interest paid	-10 441	-10 326
Adjustment for items not included in cash flow	-79	-561
Income tax paid	-6 234	-1 313
Cash flow from operating activities before changes in working capital	36 528	39 169
Change in working capital		
Change in inventories	5 326	-1 039
Change in receivables	-17 377	-50 492
Change in current liabilities	-11 685	38 402
Total change in working capital	-23 736	-13 129
Cash flow from operating activities	12 792	26 040
Investment activities		
Acquisition of subsidiaries *)	-47 354	-18 501
Paid contingent consideration for acquisition of subsidiaries	-20 876	-47 529
Acquisition of intangible assets	-15 589	-9 760
Acquisition of tangible assets	-5 165	-2 697
Sales of tangible assets	377	0
Sales of financial assets	149	433
Cash flow from investment activities	-88 458	-78 054
Financing activities		
Stock issue	39 684	71 772
Redemption preference shares	-66 697	0
Borrowing	300 000	30 000
Subscription warrants	1 034	1 336
Amortisation of debt	-140 929	-32 554
Amortisation of lease debt	-7 203	0
Dividends paid	-2 728	-5 457
Change in factoring costs	-3 766	10 844
Cash flow from financing activities	119 395	75 941
Cash flow for the year	43 729	23 927
Cash and cash equivalents at start of period	83 389	58 771
Exchange rate difference	1 171	691
Cash and cash equivalents at end of period	128 289	83 389

*) Relates to the acquisition of Gauddi BV during 2019 and Webpro AS during 2018.

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

GROUP	CAPITAL STOCK	ADDITIONAL PAID-IN CAPITAL	TRANSLATION RESERVES	ACCUMULATED RESULTS	TOTAL EQUITY
					Attributable to shareholders in the parent company
Opening balance 2018-01-01	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
<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
Closing balance 2018-12-31	24 750	286 342	5 488	-45 122	271 458
Changes in equity					
2019-01-01 - 2019-12-31					
Comprehensive income for the period			9 603	15 041	24 644
<i>Transactions with shareholders:</i>					
Approved distribution of preference shares		-1 364			-1 364
Option premiums received		1 034			1 034
Redemption preference shares	-606	-66 091			-66 697
Stock issue		38 101			40 757
Issue expenses		-1 073			-1 073
Closing balance 2019-12-31	24 144	256 949	15 091	-30 081	268 759

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

	3 MONTHS OCT-DEC 2019	3 MONTHS OCT-DEC 2018	12 MONTHS JAN-DEC 2019	12 MONTHS JAN-DEC 2018
Net sales	37 219	45 514	108 916	134 145
Capitalized work on own account	1 668	197	5 791	2 430
Total income	38 887	45 711	114 707	136 575
<i>Operating expenses</i>				
Goods for resale	-15 397	-32 344	-48 482	-91 497
Other external expenses	-12 663	-5 376	-36 867	-18 311
Personnel expenses	-10 240	-9 624	-36 257	-28 557
Depreciation and amortisation	-1 079	-799	-3 722	-3 951
Operating profit	-492	-2 432	-10 621	-5 741
Result from participations in group companies	16 292	13 319	43 501	24 074
Interest income	1 233	2 318	3 246	4 134
Interest expenses	-7 831	-1 305	-14 263	-9 912
Profit/loss after financial items	9 202	11 900	21 863	12 555
Tax	0	-83	0	-83
Profit/loss for the period*	9 202	11 817	21 863	12 472

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

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

	2019-12-31	2018-12-31
ASSETS		
Intangible assets	15 241	8 579
Tangible assets	3 360	1 470
Participations in group companies	373 127	395 754
Deferred tax assets	1 217	1 217
Financial non-current assets	130	130
Total non-current assets	393 075	407 150
Inventories	3 305	2 991
Current receivables	99 567	55 472
Cash and cash equivalents	110 401	59 176
Total current assets	213 273	117 639
TOTAL ASSETS	606 348	524 789
EQUITY AND LIABILITIES		
Equity	237 423	243 936
Total equity	237 423	243 936
Provisions	352	272
Non-current liabilities	300 652	153 231
Current liabilities	67 921	127 350
Total liabilities	368 573	280 581
TOTAL EQUITY AND LIABILITIES	606 348	524 789

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
ZetaDisplay BV	27285283	Rosmalen	100
Gaudi BV	29049518	Rotterdam	100
Gaudi International BV	71336435	Rotterdam	100
Gaudi Inc	D18921700	Baltimore	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. For definitions see page 22-23

NEW STANDARDS 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 difference between reported future operational lease cost in accordance with IAS 17 and lease liability as of January 1, 2019 in accordance with IFRS 16 is presented below.

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
Reported leasing liability in opening balance January 1, 2019	15 817

The effects of opening balances for 2019 and the effects in balances and earnings impact for the period January-December are presented in the table below.

Consolidated balance sheet - summary

	Effect January - December 2019			OB/CB Analysis		
	2019-12-31 AFTER IFRS 16	2019-12-31 IFRS EFFECT	2019-12-31 BEFORE IFRS 16	Reported balance January 1, 2019	Conversion to IFRS 16	Recalculated balance January 1, 2019
Tillgångar						
Right of use assets	19 358	-19 358	0	0	16 831	16 831
Deferred tax asset	3 183	-140	3 043	0	0	0
Prepaid expenses	27 786	1 136	28 922	28 903	-1 014	27 889
Total impact assets		-18 362			15 817	
Equity						
Retained earnings	-45 122	1	-45 121	-45 122	0	-45 122
Net profit/loss	15 041	497	15 538	0	0	0
Total impact equity		498			0	
Long term liabilities						
Leasing liabilities	10 268	-10 268	0	0	10 186	10 186
Total impact long term liability		-10 268			10 186	
Kortfristiga skulder						
Leasingskulder	8 592	-8 592	0	0	5 631	5 631
Summa effekt kortfristiga skulder		-8 592			5 631	
Summa effekt eget kapital och skulder		-18 362			15 817	

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 effect of IFRS 16 for the fourth quarter and for the period January-December is presented in the table below.

Consolidated statement of comprehensive income - summary

	3 MONTHS OCT-DEC 2019	3 MONTHS OCT-DEC 2019	3 MONTHS OCT-DEC 2019	12 MONTHS JAN-DEC 2019	12 MONTHS JAN-DEC 2019	12 MONTHS JAN-DEC 2019
	AFTER IFRS 16	IFRS 16 EFFECT	BEFORE IFRS 16	AFTER IFRS 16	IFRS 16 EFFECT	BEFORE IFRS 16
Operating income	147 286	0	147 286	445 887	0	445 887
Operating costs	-126 078	-2 514	-128 592	-393 685	-7 485	-401 170
Depreciations	-8 422	2 503	-5 919	-48 774	7 771	-41 003
Operating profit	12 786	-11	12 775	3 428	286	3 714
Financial items	-7 654	103	-7 551	13 233	352	13 585
Profit/loss after financial items	5 132	92	5 224	16 661	638	17 299
Tax	-3 246	-21	-3 267	-1 620	-141	-1 761
Net profit/loss	1 886	71	1 957	15 041	497	15 538
<i>Profit/loss for the period is attributable to:</i>						
Shareholders in the Parent Company	1 886	71	1 957	15 041	497	15 538

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 Segment reporting

TSEK OCT-DEC	SWEDEN		NORWAY		FINLAND		NETHERLANDS		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
SaaS-revenues (recurring)	7 429	5 949	11 890	11 407	6 654	7 717	14 013	7 214	0	0	0	0	39 986	32 287
Hardware, installation and other services	27 569	42 549	30 933	21 306	21 409	21 999	23 229	11 712	1 192	1 084	0	0	104 332	98 650
Internal income	273	63	0	0	255	337	2 198	0	2 535	2 960	-5 261	-3 360	0	0
Total income	35 271	48 561	42 823	32 713	28 318	30 053	39 440	18 926	3 727	4 044	-5 261	-3 360	144 318	130 937
EBITDA *)	2 351	4 064	10 356	7 364	3 709	2 232	11 582	6 464	-6 790	-4 028	0	0	21 208	16 096
<i>EBITDA margin</i>	6,7%	8,4%	24,2%	22,5%	13,1%	7,4%	29,4%	34,2%					14,7%	12,3%
Depreciation and amortisation	-566	-79	-1 800	-1 574	-1 071	-734	-1 571	-470	-3 799	-2 695	385	527	-8 422	-5 025
Operating profit	1 785	3 985	8 556	5 790	2 638	1 498	10 011	5 994	-10 589	-6 723	385	527	12 786	11 071
Financial income													687	12 815
Financial expenses													-8 341	-1 587
Profit before tax	1 785	3 985	8 556	5 790	2 638	1 498	10 011	5 994	-10 589	-6 723	385	527	5 132	22 299

INTANGIBLE AND TANGIBLE ASSETS TSEK DEC	SWEDEN		NORWAY		FINLAND		NETHERLANDS		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Intangible assets	0	0	12 834	10 684	8 462	10 409	5 259	2 543	441 349	383 418	6 431	4 497	474 335	411 551
Tangible assets	2 805	403	6 519	3 874	6 311	1 163	6 981	1 032	6 234	1 067	0	0	28 850	7 539
Total intangible and tangible assets	2 805	403	19 353	14 558	14 773	11 572	12 240	3 575	447 583	384 485	6 431	4 497	503 185	419 090

TSEK JAN - DEC	SWEDEN		NORWAY		FINLAND		NETHERLANDS		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
SaaS-revenues (recurring)	28 959	13 263	46 671	39 585	25 050	22 900	36 409	26 159	0	0	0	0	137 089	101 907
Hardware, installation and other services	85 454	118 518	89 693	66 985	80 242	76 231	41 105	38 326	2 548	2 134	0	0	299 042	302 194
Internal income	599	167	0	0	445	1 220	5 141	0	9 044	7 186	-15 229	-8 573	0	0
Total income	115 012	131 948	136 364	106 570	105 737	100 351	82 655	64 485	11 592	9 320	-15 229	-8 573	436 131	404 101
EBITDA *)	2 463	6 959	34 503	28 395	15 546	9 318	21 972	19 271	-22 282	-15 788	0	0	52 202	48 155
<i>EBITDA margin</i>	2,1%	5,3%	25,3%	26,6%	14,7%	9,3%	26,6%	29,9%					12,0%	11,9%
Depreciation and amortisation	-2 089	-268	-7 161	-6 210	-3 292	-2 922	-3 894	-1 714	-34 076	-9 790	1 738	2 300	-48 774	-18 604
Operating profit	374	6 691	27 342	22 185	12 254	6 396	18 078	17 557	-56 358	-25 578	1 738	2 300	3 428	29 551
Financial income													29 042	14 701
Financial expenses													-15 809	-10 708
Profit before tax	374	6 691	27 342	22 185	12 254	6 396	18 078	17 557	-56 358	-25 578	1 738	2 300	16 661	33 544

INTANGIBLE AND TANGIBLE ASSETS TSEK DEC	SWEDEN		NORWAY		FINLAND		NETHERLANDS		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Intangible assets	0	0	12 834	10 684	8 462	10 409	5 259	2 543	441 349	383 418	6 431	4 497	474 335	411 551
Tangible assets	2 805	403	6 519	3 874	6 311	1 163	6 981	1 032	6 234	1 067	0	0	28 850	7 539
Total intangible and tangible assets	2 805	403	19 353	14 558	14 773	11 572	12 240	3 575	447 583	384 485	6 431	4 497	503 185	419 090

SaaS-revenues consists in the period and quarter of revenues that are recognized over time and hardware, installation and other services as well as internal revenues consist of revenues that are recognized at point in time.

Note 4 Financial assets and liabilities

	2019-12-31	2018-12-31
Financial assets measured at amortized cost (Hold to Collect)		
Trade accounts receivable	97 943	79 957
Contract assets	8 958	16 771
Other financial receivables	130	274
Cash and cash equivalents	128 289	83 389
Financial assets	235 320	180 392
Financial liabilities		
<i>Other financial liabilities valued at amortised cost</i>		
Liabilities to credit institutions	15 075	156 696
Debenture loan	294 530	0
Leasing liability	18 861	0
Liabilities to related parties	121	461
Trade accounts payable	40 202	37 176
<i>Financial liabilities measured at fair value</i>		
Contingent considerations relating to acquisitions	38 049	65 111
Financial liabilities	406 838	259 444

Contingent considerations	ZetaDisplay BV	LiveQube	Webpro	Gaуди	Total
Opening balance 2019-01-01	30 826	3 329	30 956	0	65 111
Exchange rate changes	779	181	1 254	-802	1 412
Additional contingent considerations	0	0	0	18 539	18 539
Payment of contingent considerations	-20 876	0	0	0	-20 876
Assessment of contingent considerations	-10 729	-3 510	-11 898	0	-26 137
Closing balance 2019-06-30	0	0	20 312	17 737	38 049
	ZetaDisplay BV	LiveQube	Webpro	Gaуди	Total
Expected payment 2019	0	0	0	0	0
Expected payment 2020	0	0	20 312	17 737	38 049
Total expected payment	0	0	20 312	17 737	38 049

The liabilities are contingent considerations relating to acquisitions.

In 2019, a changed assessment has been made regarding the expected payment in 2020 of the contingent considerations for the acquisitions of ZetaDisplay BV, LiveQube AS and Webpro AS.

The final share of the contingent consideration regarding the acquisition of ZetaDisplay BV (former Qyn BV) is not expected to be paid. This is because the high EBITDA target for fulfilling this contingent consideration is not expected to be achieved during 2019. Thus, the remaining amount on SEK 10 729 thousand has been reported as financial income in the consolidated statement.

The contingent consideration regarding the acquisition of LiveQube AS is not expected to be paid. This is because the high EBITDA target is not expected to be met in 2019. Thus, the remaining amount or SEK 3 510 thousand has been reported as financial income in the consolidated income statement.

A changed assessment has been made regarding the size of the expected payment for the contingent consideration attributable to the acquisition of Webpro AS. This is because agreed target regarding license revenue for the period 2019-07-01 - 2020-06-30 is not expected to be met. According to the new assessment 64 % of the agreed contingent consideration is expected to be paid and thus SEK 11 898 thousand has 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.

Note 5 Business Combinations

On October 10 2019, the group acquired 100 % of the share capital in Gaudi BV for 6,6 MEUR. Through the acquisition, ZetaDisplay becomes the leading Digital Signage player in the Benelux, accelerating its international expansion. Gaudi is an important complement to ZetaDisplays existing operations. Through the acquisition, the aim is a scalable integration and business since both companies share similar software and have a complementary customer base. This will create direct value for ZetaDisplay's customers and improve current market position.

Payments carried forward

TSEK	Gaudi BV
Cash and cash equivalents	52 944
Contingent consideration *)	18 539
Total payments carried forward	71 483

*) According to the contingent consideration agreement, the company will pay the sellers a further MEUR 1.7. The payment will be done during 2020 since Gaudi BV meets the agreed target regarding SaaS-revenues for 2019. The management thinks it is likely that the contingent consideration will be paid. The fair value on the acquisition date of the total contingent consideration is estimated at TSEK 17,737.

Acquisition costs amounts to TSEK 1,585 and have been reported in the income statement as other external expenses.

Reported amounts as at the acquisition date for acquired net assets

TSEK	Gaudi BV Group
Non-current assets	
Intangible assets	3 272
Tangible assets	790
Right of use assets	2 536
Current assets	
Inventories	1 658
Trade accounts receivable	4 868
Other receivables	160
Prepaid expenses and accrued income	336
Cash and cash equivalents	5 590
Long-term liabilities	
Deferred tax liability	-471
Leasing liability	-1 289
Other interest bearing liabilities	-136
Current liabilities	
Leasing liability	-1 153
Trade accounts payable	-3 344
Other liabilities	-631
Accrued expenses and prepaid income	-11 481
Identified assets and liabilities, net	705
Payments carried forward	71 483
Surplus value	70 778
Allocation of surplus value:	
Goodwill	58 527
Customer relations	16 334
Deferred tax	-4 083

According to the preliminary balance for the acquisition, the difference between Gaudi's net assets is MSEK 70.8, with preliminary allocation of MSEK 16.4 to customer relations, MSEK 4.1 to deferred tax and MSEK 58.5 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	Gaudi BV
Cash payments	52 944
Minus: Cash and cash equivalents acquired	-5 590
Net cash flow	47 354

Effect of the acquisition on consolidated profit/loss

The acquired business contributed income of SEK 19,311 thousand, EBITDA of SEK 6,522 thousand, operating profit of SEK 5,738 thousand and profit after tax of SEK 4,293 thousand for the period October 1 to December 31, 2019.

If the acquisition had taken place on January 1, 2019, the Group's income would be SEK 472,015 thousand, EBITDA SEK 56,117 thousand, the Group's operating profit SEK 5,918 thousand and profit after tax SEK 16,995 thousand.

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
ARR (Annual recurring revenue)	Last month for the quarter/period SaaS-revenues (recurring) calculated to 12 months.	The performance measure indicates recurring revenues over the next 12 months based on revenues from existing customers at the end of the period. The key ratio is also essential to facilitate industry comparison
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.
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 amortization 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.
SaaS-revenues (recurring) <i>Previously named contracted services</i>	Income of a recurring nature such as licenses, support and other agreed income.	Replaces the previous term contracted services for better industry comparison. 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 ration	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

SAAS-REVENUES (RECURRING)

(TSEK)	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2019
License income	33 124	27 552	109 528	79 965
Support and other contractual services	6 862	4 735	27 561	21 942
Total SaaS-revenues	39 986	32 287	137 089	101 907

ARR (ANNUAL RECURRING REVENUE)

(TSEK)	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2019
SaaS-revenues last month in the quarter	13 789	10 819	13 789	10 819
Multiplied with 12 months	12	12	12	12
ARR (Annual recurring revenue)	165 468	129 828	165 468	129 828

GROSS MARGIN

(TSEK)	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2019
Net sales	144 318	130 937	436 131	404 101
Total income	144 318	130 937	436 131	404 101
<i>Operating expenses</i>				
Goods for resale	-68 843	-75 335	-207 992	-219 421
Gross profit	75 475	55 602	228 139	184 680
Gross margin (%)	52,3	42,5	52,3	45,7

EBITDA

(TSEK)	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2019
Operating profit	12 786	11 071	3 428	29 551
Depreciation and amortisation	8 422	5 025	48 774	18 604
EBITDA	21 208	16 096	52 202	48 155
EBITDA-margin (%)	14,7	12,3	12,0	11,9

OPERATING MARGIN

(TSEK)	OCT-DEC 2019	OCT-DEC 2018	JAN-DEC 2019	JAN-DEC 2019
Net sales	144 318	130 937	436 131	404 101
Operating profit	12 786	11 071	3 428	29 551
Operating margin (%)	8,9	8,5	0,8	7,3

EQUITY PER SHARE

	2019-12-31	2018-12-31
Equity (TSEK)	268 759	271 458
Total ordinary shares at end of period	26 800 011	24 035 312
Equity per share (SEK)	10,03	11,29

EQUITY RATIO

	2019-12-31	2018-12-31
Equity	268 759	271 458
Total assets	773 339	632 227
Equity ratio (%)	34,8	42,9

About ZetaDisplay

ZetaDisplay acts at the heart of digital transformations in physical environments. We contribute to nudging peoples' behaviour at the point-of-decision in retail environments, public spaces and workplace environments. Our solutions are known as Digital Signage that we develop and offer as SaaS-solutions. We are a European leader and intend to drive the further consolidation of the market organically and through acquisitions.

ZetaDisplay has its head 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