



ZETADISPLAY AB (PUBL)
INTERIM REPORT
1 JANUARY – 30 SEPTEMBER 2021

Q3



THINKING BEYOND THE SCREEN™

Strong result and completed change of ownership

July - September 2021

- Net sales increased by 16.9% to SEK 101.6 (86.9) million
- SaaS revenue increased by 15.7% to SEK 44.5 (38.4) million
- ARR amounted to SEK 177.3 million compared to SEK 174.6 million in the previous quarter
- EBITDA amounted to SEK 13.2 (13.6) million. Adjusted for non-recurring items, EBITDA amounted to SEK 24.0 (13.6) million
- Operating profit amounted to SEK 4.3 (5.3) million

January - September 2021

- Net sales increased by 13.1% to SEK 298.1 (236.6) million
- SaaS revenue increased by 10.2% to SEK 128.1 (116.3) million
- EBITDA amounted to SEK 34.8 (18.4) million. Adjusted for non-recurring items, EBITDA amounted to SEK 54.4 (34.9) million
- Operating profit amounted to SEK 8.4 (-7.6) million

Significant events during the quarter

- On July 28, Hanover Active Equity Fund II S.C.A. SICAV-RAIF announced through Alpha Acquisition AB that their ownership exceeded 50% of the shares
- On August 28, Hanover Active Equity Fund II S.C.A. SICAV-RAIF announced through Alpha Acquisition AB that their ownership exceeded 90% of the shares. Compulsory redemption of the remaining shares is ongoing

Significant events after the quarter

- On October 7, ZetaDisplay AB (publ) held an extraordinary general meeting and a decision was made to make changes to the Board of Directors
- On October 8, the shares in ZetaDisplay AB (publ) were delisted

FINANCIAL INDICATORS (TSEK)	JUL-SEP	JUL-SEP	JAN-SEP	JAN-SEP	ROLLING 12 MONTHS	JAN-DEC
	2021	2020	2021	2020	Q4 2020-Q3 2021	2020
Net sales	101 620	86 927	298 108	263 576	400 778	366 246
SaaS-revenues (recurring)	44 463	38 444	128 073	116 257	167 041	155 225
Annual recurring revenue (ARR)	177 331	156 588	177 331	156 588		160 344
Gross margin (%)	64,4	52,8	63,1	55,9	62,3	57,0
EBITDA	13 220	13 554	34 789	18 431	55 179	38 487
EBITDA-margin (%)	13,0	15,6	11,7	7,0	13,7	10,5
Operating profit	4 291	5 274	8 429	-7 552	20 620	3 656
Operating margin (%)	4,2	6,1	2,8	-2,9	4,9	1,0
Profit/loss for the period	-338	1 008	-4 168	-16 748	-4 369	-18 295
Equity ratio (%)	34,5	35,9	34,5	35,9		34,6

CEO comment

Strong result and completed change of ownership

ZetaDisplay's net sales amounted to SEK 101.6 (86.9) million. SaaS revenues amounted to SEK 44.5 (38.4) million and represented 43.8 (44.2) % of net sales. ARR corresponded to SEK 177.3 million and EBITDA was SEK 13.2 (13.6) million. Adjusted for non-recurring items related to the strategic review during the spring, EBITDA amounted to 24.0 (13.6) MSEK.

Financial Reporting Dates

Year End Report 2021: March 4th 2022

The increase in net sales is mainly explained by the acquisition of German NORDLAND systems GmbH. Gross profit for the period amounted to SEK 65.5 (45.9) million with a gross margin of 64.4 (52.8) %.

During the third quarter, we have seen increased activity in the market that we are responding to with a continued strong customer offering. The customer base has remained intact throughout the pandemic, and we see that the recovery in customer activity has become more apparent. The number of procurements has increased, and customers have started to plan for new projects to a greater extent.

The increase in activity in the market internationally and some lack of components have led to some delays in hardware deliveries. We have largely been able to handle the situation thanks to our strong position with leading suppliers and through coordination within the Group.

We continue to develop and launch new features and integrations in our software platform.

Our employees have increasingly returned to working from the offices in line with local restrictions and recommendations.

Change of ownership

During the quarter, the company has gone through a change of ownership. The management of ZetaDisplay together with the new owners look forward to promoting growth and creating long-term positive effects.

Outlook

Developments over the past three months have confirmed that the market is recovering, and we are preparing for further growth for the remainder of the year.

Per Mandorf

President and CEO

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 and the USA. 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 goes 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.

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.

Third quarter July - September 2021

Net sales

Net sales for the quarter increased by 16.9% to SEK 101.6 (86.9) million compared to the corresponding quarter last year. The increase is largely explained by the acquisition of NORDLAND systems GmbH. Implementation projects consisting of hardware and installation increased by 17.9% whilst SaaS revenues increased by 15.7% to SEK 44.5 (38.4) million.

Annual Recurring Revenue (ARR) amounted to SEK 177.3 million compared to SEK 174.6 million in the previous quarter. Of the total net sales, SaaS-revenues, accounted for 43.8 (44.2) %.

Gross profit

Gross profit amounted to SEK 65.5 (45.9) million, corresponding to a gross margin of 64.4 (52.8) %.

Operating expenses

The cost of goods sold amounted to SEK -36.1 (-41.0) million and consists mainly of hardware and installations.

Other external costs amounted to SEK -22.3 (-12.2) million. Other external costs include SEK 0.2 million related to the acquisition of NORDLAND systems GmbH. Furthermore, cost related to the strategic review is included in other external cost for the period and amounts to SEK 10.5 million. Costs for the strategic review as well as acquisition costs are treated as non-recurring costs.

Personnel costs amounted to SEK -34.9 (-25.3) million.

Depreciation amounted to SEK -8.9 (-8.3) million.

EBITDA

EBITDA amounted to SEK 13.2 (13.6) million, corresponding to an EBITDA margin of 13.0 (15.6) %.

Adjusted for costs for the strategic review and acquisition costs, EBITDA amounted to SEK 24.0 million, corresponding to an EBITDA margin of 23.6%.

Operating income

Operating profit amounted to SEK 4.3 (5.3) million, corresponding to a margin of 4.2 (6.1) %.

Adjusted for costs for the strategic review and acquisition costs, operating profit amounted to SEK 15.0 million, corresponding to an operating margin of 14.8%.

Financial items

The financial items amounted to SEK -3.6 (-3.6) million. External interest expenses related to the bond loan amounted to SEK -3.6 (-3.7) million. Last year, financial items were positively impacted by SEK 2.0 million as a result of the revaluation of debt attributable to earn-out considerations.

Tax

The tax expense for the quarter amounted to SEK -1.0 (-0.7) million. The Group considers that tax losses are not expected to be used in the near future and therefore no deferred tax asset has been recognized for these losses.

Profit and loss for the quarter

Profit for the quarter amounted to SEK -0.3 (1.0) million.

Cash flow

During the quarter, the Group generated cash flow from operating activities of SEK 11.9 (1.1) million. Cash flow from investment activities amounted to SEK -15.4 (-4.2) million, of which investments in intangible fixed assets amounted to SEK -5.8 (-4.1) million, acquisitions of property, plant and equipment amounted to SEK -0.3 (-0.1) million and acquisitions in subsidiaries amounted to -9.9 (0.0). Cash flow from financing activities amounted to SEK 5.8 (-3.5) million. The exercise period of the employee stock options TO 2018/21 ended on June 30. A total of 577,500 ordinary shares were subscribed for and the company received SEK 9.7 million in connection with this. Total cash flow during the quarter amounted to SEK 1.8 (-6.6) million.

First nine months January – September 2021

Net sales

Net sales for the period increased by 13.1% to SEK 298.1 (263.6) million, compared to the corresponding period last year. The increase is largely explained by the acquisition of NORDLAND systems GmbH. Implementation projects consisting of hardware and installation increased by 15.4% whilst SaaS revenues increased by 10.2% to SEK 128.1 (116.3) million.

Of the total net sales, SaaS-revenues, accounted for 43.0 (44.1) %.

Gross profit

Gross profit amounted to SEK 188.1 (147.4) million, corresponding to a gross margin of 63.1 (55.9) %.

Operating expenses

The cost of goods sold amounted to SEK -110.0 (-116.2) million and consists mainly of hardware and installations.

Other external costs amounted to SEK -58.8 (-48.0) million. Other external costs include SEK 2.5 million related to the acquisition of NORDLAND systems GmbH. Further, cost related to the strategic review is included in other external cost and amounts to SEK 17.1 million. Costs for the strategic review as well as acquisition costs are treated as non-recurring costs. Last year, non-recurring costs of SEK 6.9 million were included in other external costs.

Personnel costs amounted to SEK -108.4 (-99.1) million. During the first three quarters of 2020, non-recurring costs of SEK 8.7 million were included. The number of employees has increased in connection with the reinforcements that have been made by increased competences centrally as well as acquisitions.

Depreciation amounted to SEK -26.4 (-26.0) million.

EBITDA

EBITDA amounted to SEK 34.8 (18.4) million, corresponding to an EBITDA margin of 11.7 (7.0) %.

Adjusted for costs for the strategic review and acquisition costs, EBITDA amounted to SEK 54.4 million, corresponding to an EBITDA margin of 18.3%. Last year, EBITDA was affected by items affecting comparability attributable to non-recurring costs amounting to SEK 16.5 million. Adjusted for this effect, EBITDA last year amounted to SEK 34.9 million, corresponding to a margin of 13.2%.

Operating profit

Operating profit amounted to SEK 8.4 (-7.6) million, corresponding to an operating margin of 2.8 (-2.9) %.

Adjusted for cost relating to acquisitions and the strategic review, operating profit for the first half of the year amounted to SEK 28.1 million, corresponding to an operating margin of 9.4%.

Operating profit last year was affected by items affecting comparability attributable to non-recurring costs amounting to SEK 17.1 million. Adjusted for this effect, operating profit last year amounted to SEK 9.5 million, corresponding to an operating margin of 3.6%.

Financial items

The financial items amounted to SEK -9.3 (-8.1) million. External interest expenses related to the bond loan amounted to SEK -10.7 (-11.3) million. Last year, financial items were positively impacted by SEK 7.1 million as a result of the revaluation of debt relating to additional purchase considerations.

Tax

The tax expense for the period amounted to SEK -3.3 (-1.1) million. The group considers that tax losses are not expected to be used in the near future and therefore no deferred tax asset has been recognized for these losses.

Profit and loss for the period

Profit for the first half year amounted to SEK -4.2 (-16.8) million.

Cash flow

During the period, the Group generated cash flow from operating activities of SEK 24.9 (43.3) million. Cash flow from investment activities amounted to SEK -50.5 (-20.7) million, of which investments in intangible fixed assets amounted to SEK -15.8 (-12.1) million, acquisitions of property, plant and equipment amounted to SEK -0.6 (-1.1) million and acquisitions in subsidiaries amounted to -34.1 (0.0) million. Cash flow from financing activities amounted to SEK -10.7 (-17.4) million. The exercise period of the employee stock options TO 2018/21 ended on June 30. A total of 577,500 ordinary shares were subscribed for and the company received SEK 9.7 million in connection with this. Total cash flow during the period amounted to SEK -36.3 (5.3) million.

Financial position

The equity/assets ratio at the end of the period was 34.5 (35.9) %. The Group had a total of SEK 122.7 million (174.0) in cash and cash equivalents and unutilized credits as of September 30, of which SEK 90.8 (131.1) million related to cash and cash

equivalents. Net debt amounted to SEK -225.4 million (-185.7) at the end of the period.

Segments

ZetaDisplay reports in segments. During the first quarter of 2021, the segment Germany was added as a result of the acquisition of NORDLAND systems GmbH. For further information on the acquisition, see note 5. The segments consist of Sweden (including Denmark and other markets), Norway, Finland (including the Baltics), the Netherlands, Germany and the Group-wide segment. For financial information per segment and for the period see Note 3.

Parent company

The operations of the parent company ZetaDisplay AB involve a larger part of the operations in segment Sweden. They also provide a number of group-wide support functions for other segments. These include software development, coordination of sales, purchasing, delivery, service and support, as well as finance

The Parent Company's sales amounted to SEK 32.5 (32.5) million, for the second quarter. Operating profit amounted to SEK -2.7 (-0.9) million and profit after tax amounted to SEK -5.4 (-5.4) million.

The Parent Company had a total of SEK 84.9 (134.6) million in cash and cash equivalents and unutilized credits as of September 30, of which SEK 64.9 (104.6) million related to cash and cash equivalents.

Investments in fixed assets during the period amounted to SEK 4.8 (2.5) million, of which investments in subsidiaries amounted to SEK 2.2 (0.0) million and investments in intangible assets amounted to SEK 2.5 (2.3) million.

Other information

Number of employees

The average number of full-time employees was 186 during the last 9-month period, compared to 156 in the corresponding period last year.

Share-related incentive programs

The exercise period of the employee stock options TO 2018/21 ended on June 30, 2021. The shares were registered in July. A total of 577,500 ordinary shares were subscribed for, of which 525,000 were subscribed for by senior executives. This means a dilution effect of 2.1%. Of the outstanding incentive programs, only 13,500 options held by 5 individuals remain after Hanover's bid. These options are subject to compulsory redemption.

The share and shareholders

As of September 30, 2021, the number of shareholders to ordinary shares in ZetaDisplay was 525 (2,756). The number of shares amounts to 27,861,808. Hanover Active Equity Fund II S.C.A SICAV -RAIF holds 27,259,116 shares, corresponding to 97.8%. Other shareholders hold 602,692 shares, corresponding to 2.2%. The minority shares are subject to compulsory redemption. The shares were delisted on the 8th of October 2021.

Related party transactions

In addition to what is described in the share-based incentive program section above, there are no significant transactions other than ordinary salaries and remuneration to senior executives and their companies, board fees and issued options and incentive programs.

Significant risks and uncertainties

The Group is exposed, through its operations, to various financial risks such as market risk (consisting of currency, interest rate and price risk), credit risk and liquidity risk. The Group's overall risk management involves seeking minimal adverse effects on earnings and position. The Group's business risks, risk management and financial risks are described in detail in the Annual Report for 2020, page 35-37. In addition to the additional statement of COVID-19, no significant events have occurred during the interim period that affect or alter these descriptions of the Group's risks and their management.

COVID-19

During the last two quarters of 2021, the increase in marketing activities internationally created some challenges in hardware deliveries. We have largely been able to handle the situation thanks to our strong position with leading suppliers and through coordination within the Group. There has been no shortage of human resources because of illness or quarantine. However, both new and existing customers have postponed their investments in digital communication.

This has contributed to reduced project revenues, which consist of hardware, installations, and project management. Several of our customers' operations have been negatively affected or even shut down. This has exceptionally prompted temporary conditional changes in subscription services. The Group has not yet suffered any customer losses directly linked to the COVID-19 pandemic. In the event of an extended pandemic or in the event of additional waves of the pandemic, where societies are again shut down, this would increase the risk of negative impact on the Group's financial position.

Financial objectives

The most important lever in our business model is the share of SaaS revenue from 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 as the service share increases. In connection with the change of ownership that has taken place in the third quarter, the company will rework the financial targets presented in February 2019.

Malmö November 8, 2021

Per Mandorf

President and CEO

This report has been reviewed by the company's auditors. This interim report and auditors report of review of interim financial information is a translation of the original Swedish interim report that has been formally approved by the Board of Director.

For further information, please contact:

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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 approx. SEK 450 million and employs 200 staff at ten offices in six European countries and the USA. In total, the company handles more than 70,000 installations on over 50 markets. The share is listed on Nasdaq Stockholm [ZETA]. More information at www.ir.zetadisplay.com

Auditor's report

ZetaDisplay AB (publ) 556603-4434

Introduction

We have reviewed the condensed interim financial information (interim report) of ZetaDisplay as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 8 November 2021

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi
Authorized Public Accountant

Patrik Larsson
Authorized Public Accountant

Auditor in charge

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - SUMMARY (TSEK)

	3 MONTHS JUL-SEP 2021	3 MONTHS JUL-SEP 2020	9 MONTHS JAN-SEP 2021	9 MONTHS JAN-SEP 2020	12 MONTHS JAN-DEC 2020
Net sales	101 620	86 927	298 108	263 576	366 246
Capitalized work on own account	3 946	4 042	11 272	10 090	14 191
Other revenue	981	1 097	2 597	8 093	9 240
Total Revenue	106 547	92 066	311 977	281 759	389 677
<i>Operating expenses</i>					
Goods for resale	-36 133	-41 009	-109 961	-116 217	-157 483
Other external expenses	-22 302	-12 173	-58 810	-48 037	-63 123
Personnel expenses	-34 892	-25 330	-108 417	-99 074	-130 584
Depreciations and write-downs	-8 929	-8 280	-26 360	-25 983	-34 831
Operating profit	4 291	5 274	8 429	-7 552	3 656
Financial income	933	5 181	3 988	17 519	19 356
Financial expenses	-4 566	-8 731	-13 283	-25 657	-37 386
Profit/loss after financial items	658	1 724	-866	-15 690	-14 374
Tax	-996	-716	-3 302	-1 058	-3 921
Net profit/loss	-338	1 008	-4 168	-16 748	-18 295

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (TSEK)

	3 MONTHS JUL-SEP 2020	3 MONTHS JUL-SEP 2019	9 MONTHS JAN-SEP 2020	9 MONTHS JAN-SEP 2019	12 MONTHS JAN-DEC 2019
Profit/loss for the period	-338	1 008	-4 168	-16 748	-18 295
Items that may later be transferred to profit/loss for the period					
Translations differences	3 610	-75	11 599	-14 751	-25 591
Comprehensive income for the period	3 272	933	7 431	-31 499	-43 886
Attributable to shareholders in the Parent Company	3 272	933	7 431	-31 499	-43 886

CONSOLIDATED BALANCE SHEET - SUMMARY (TSEK)

	2021-09-30	2020-09-30	2020-12-31
ASSETS			
Intangible assets	528 277	456 091	443 181
Tangible assets	8 923	7 214	6 255
Right of use assets	15 082	16 071	14 674
Deferred tax assets	3 103	3 203	3 390
Financial non-current assets	130	130	130
Total non-current assets	555 515	482 709	467 630
Inventories	12 257	7 892	6 132
Current receivables	78 563	71 229	85 692
Cash and cash equivalents	90 818	131 058	125 671
Total current assets	181 638	210 179	217 495
TOTAL ASSETS	737 153	692 888	685 125
EQUITY AND LIABILITIES			
Equity attributable to shareholders in the Parent Company	254 017	248 505	236 862
Total equity	254 017	248 505	236 862
Provisions	0	3 296	89
Non-current liabilities	334 737	323 362	321 615
Current liabilities	148 399	117 725	126 559
Total liabilities	483 136	441 087	448 174
TOTAL EQUITY AND LIABILITIES	737 153	692 888	685 125

CONSOLIDATED CASH-FLOW STATEMENTS (TSEK)

	3 MONTHS JUL-SEP 2021	3 MONTHS JUL-SEP 2020	9 MONTHS JAN-SEP 2021	9 MONTHS JAN-SEP 2020	12 MONTHS JAN-DEC 2020
Operating activities					
Operating profit	4 291	5 274	8 429	-7 552	3 656
Adjustments for depreciation and amortisation	8 928	8 281	26 360	25 983	34 831
Interest received	0	20	101	56	309
Interest paid	-4 141	-4 901	-12 009	-12 114	-15 360
Adjustment for items not included in cash flow	521	-6 403	1 051	4 022	-105
Income tax paid	-1 891	-1 132	-4 765	-4 316	-7 185
Cash flow from operating activities before changes in working capital	7 708	1 138	19 167	6 079	16 146
Change in working capital					
Change in inventories	-1 323	870	-2 186	1 706	3 272
Change in receivables	17 808	-2 595	20 176	54 337	43 861
Change in current liabilities	-12 323	1 673	-12 265	-18 790	-6 799
Total change in working capital	4 161	-52	5 724	37 253	40 334
Cash flow from operating activities	11 870	1 086	24 890	43 331	56 480
Investment activities					
Acquisition of subsidiaries	-9 893	0	-34 051	0	0
Paid contingent consideration for acquisition of subsidiaries	0	0	0	-7 510	-18 717
Acquisition of intangible assets	-5 752	-4 087	-15 819	-12 115	-17 784
Acquisition of tangible assets	-294	-86	-649	-1 091	-1 091
Cash flow from investment activities	-15 939	-4 173	-50 518	-20 715	-37 592
Financing activities					
Stock issue	9 723	0	9 723	0	0
Subscription warrants	0	0	0	377	1 122
Amortisation of debt	0	-668	-14 305	-943	-943
Amortisation of lease debt	-2 368	-2 248	-6 873	-7 362	-9 270
Change in factoring debt	-1 515	-628	784	-9 427	-8 704
Cash flow from financing activities	5 841	-3 544	-10 671	-17 356	-17 795
Cash flow for the period	1 772	-6 631	-36 299	5 260	1 093
Cash and cash equivalents at start of period	88 663	137 804	125 671	128 289	128 289
Exchange rate difference	382	-115	1 446	-2 491	-3 710
Cash and cash equivalents at end of period	90 818	131 058	90 818	131 058	125 671

**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 2020-01-01	26 800	256 949	15 091	-30 081	268 759
Changes in equity					
2020-01-01 - 2020-12-31					
Comprehensive income for the period			-25 591	-18 295	-43 886
<i>Transactions with shareholders:</i>					1 122
Option premiums received		1 122			1 122
Stock issue	484	10 383	0	0	10 867
Closing balance 2020-12-31	27 284	268 454	-10 500	-48 376	236 862
Changes in equity					
2021-01-01 - 2021-09-30					
Comprehensive income for the period			11 599	-4 168	7 431
Stock issue	578	9 146			
Closing balance 2021-09-30	27 862	277 600	1 099	-52 544	254 017

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

	3 MONTHS JUL-SEP 2021	3 MONTHS JUL-SEP 2020	9 MONTHS JAN-SEP 2021	9 MONTHS JAN-SEP 2020	12 MONTHS JAN-DEC 2020
Nets sales	32 487	32 034	93 531	85 814	117 608
Capitalized work on own account	2 099	2 672	5 577	5 218	7 405
Other income	440	449	1 125	4 173	4 236
Total income	35 026	35 156	100 234	95 205	129 249
<i>Operating expenses</i>					
Goods for resale	-8 911	-19 204	-34 045	-47 033	-62 181
Other external expenses	-19 514	-9 602	-44 408	-31 088	-41 401
Personnel expenses	-8 075	-5 954	-26 756	-30 116	-36 940
Depreciation and amortisation	-1 274	-1 327	-3 822	-4 673	-6 765
Operating profit	-2 748	-931	-8 797	-17 705	-18 038
Result from participations in group companies	0	0	0	0	8 878
Interest income	1 443	3 840	5 436	12 424	14 889
Interest expenses	-4 134	-8 302	-12 105	-24 348	-35 399
Profit/loss after financial items	-5 439	-5 393	-15 466	-29 629	-29 670
Tax	0	0	0	0	0
Profit/loss for the period*	-5 439	-5 393	-15 466	-29 629	-29 670

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

PARENT COMPANY BALANCE SHEET – SUMMARY (TSEK)

	2021-09-30	2020-09-30	2020-12-31
ASSETS			
Intangible assets	23 250	17 079	18 505
Tangible assets	1 877	2 716	2 508
Participations in group companies	436 520	366 008	366 008
Deferred tax assets	1 217	1 217	1 217
Financial non-current assets	130	130	130
Total non-current assets	462 994	387 150	388 368
Inventories	115	2 205	385
Current receivables	94 631	88 780	100 033
Cash and cash equivalents	64 871	104 647	93 804
Total current assets	159 617	195 632	194 222
TOTAL ASSETS	622 611	582 782	582 590
EQUITY AND LIABILITIES			
Equity	212 878	218 662	218 621
Total equity	212 878	218 662	218 621
Provisions	0	1 664	90
Non-current liabilities	306 577	300 863	301 596
Current liabilities	103 156	61 593	62 283
Total liabilities	409 733	362 456	363 879
TOTAL EQUITY AND LIABILITIES	622 611	582 782	582 590

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 Sverige AB	556642-5871	Malmö	100
ZetaDisplay Finland OY	1914200-9	Vantaa	100
ZetaDisplay Danmark AS	29226342	Köpenhamn	100
ZetaDisplay Baltics OU	12435080	Tallinn	100
ZetaDisplay BV	27285283	Rosmalen	100
Gauddi Inc	D18921700	Baltimore	100
ProntoTV AS	981106431	Oslo	100
LiveQube AS	995543478	Oslo	100
Webpro International AS	912298795	Trondheim	100
NORDLAND systems GmbH	HRB 9974 HL	Ahrensburg	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 Group applies the same accounting principles and calculation methods as in the most recent annual report.

New standards and interpretations that are effective from January 1, 2021 have not had any effect on the Group's

or parent company's financial statements for the interim period.

The interim report is prepared in accordance with IAS 34 Interim Reporting. Details required under IAS 34 p. 16A are provided both in the 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 23-24.

Government grants

Government grants are reported in accordance with IAS 20 when there is reasonable assurance that the company will meet the requirements arising from the grants and that the company will receive the grant. Government grants applied for, which the company estimates fall within the scope of IAS 20, are reported as other income during the periods that the grant is to compensate.

During the first nine months of 2021, subsidiaries in one country have applied for government grants due to COVID-19. The period to which the grants relate amounts to two months and is recognized under other income in the Group and segments corresponding to SEK 0.1 (3.0) million. The grants relate to support for other external costs of SEK 0.1 (0.5) million.

Note 3 Segment reporting

TSEK JUL-SEP	SWEDEN		NORWAY		FINLAND		NETHERLANDS	
	2021	2020	2021	2020	2021	2020	2021	2020
SaaS-revenues (recurring)	7 254	7 292	14 190	11 784	5 726	5 607	13 259	13 761
Hardware, installation and other services	19 695	22 502	7 701	5 284	6 901	9 804	8 670	10 893
Other income	604	570	-140	162	168	384	-78	-123
Internal income	729	659	2 626	0	0	0	2 124	0
Total income	28 282	31 023	24 377	17 230	12 795	15 795	23 975	24 530
EBITDA *)	10 392	475	9 364	7 043	1 630	1 120	6 368	6 421
<i>EBITDA margin</i>	38,6%	1,6%	42,8%	41,3%	12,9%	7,3%	29,0%	26,0%
Depreciation and amortisation	-439	-111	-2 008	-1 820	-785	-950	-1 845	-1 593
Operating profit	9 954	364	7 356	5 223	845	170	4 524	4 828
Financial income								
Financial expenses								
Profit before tax	9 954	364	7 356	5 223	845	170	4 524	4 828

TSEK JUL-SEP	GERMANY		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2021	2020	2021	2020	2021	2020	2021	2020
SaaS-revenues (recurring)	4 036	0	0	0	0	0	44 464	38 443
Hardware, installation and other services	14 188	0	0	0	0	0	57 156	48 483
Other income	426	0	0	104	0	0	981	1 096
Internal income	1 905	0	2 904	3 965	-10 287	-4 623	0	0
Total income	20 554	0	2 904	4 068	-10 287	-4 623	102 600	88 023
EBITDA *)	1 796	0	-16 332	-1 506	0	0	13 220	13 554
<i>EBITDA margin</i>	9,9%						13,0%	15,6%
Depreciation and amortisation	-342	0	-3 878	-4 179	367	585	-8 928	-8 280
Operating profit	1 454	0	-20 209	-5 685	367	585	4 291	5 274
Financial income							933	5 181
Financial expenses							-4 566	-8 731
Profit before tax	1 454	0	-20 209	-5 685	367	585	658	1 724

TSEK JAN-SEP	SWEDEN		NORWAY		FINLAND		NETHERLANDS	
	2021	2020	2021	2020	2021	2020	2021	2020
SaaS-revenues (recurring)	20 867	22 815	41 642	33 889	17 228	17 861	38 964	41 693
Hardware, installation and other services	58 290	57 309	27 009	25 857	22 715	31 043	32 317	32 238
Other income	1 289	2 526	145	871	204	384	-78	1 300
Internal income	2 302	2 227	4 491	0	41	0	6 106	59
Total income	82 749	84 877	73 287	60 617	40 187	49 288	77 310	75 289
EBITDA *)	19 382	-1 824	27 228	19 856	3 255	759	19 080	17 294
<i>EBITDA margin</i>	24,5%	-2,3%	37,2%	33,2%	8,1%	1,6%	24,7%	23,4%
Depreciation and amortisation	-1 303	-1 252	-6 162	-5 562	-2 409	-2 877	-5 558	-5 006
Operating profit	18 079	-3 076	21 065	14 294	847	-2 118	13 522	12 288
Financial income								
Financial expenses								
Profit before tax	18 079	-3 076	21 065	14 294	847	-2 118	13 522	12 288

TSEK JAN-SEP	GERMANY		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2021	2020	2021	2020	2021	2020	2021	2020
SaaS-revenues (recurring)	9 371	0	0	0	0	0	128 073	116 257
Hardware, installation and other services	29 704	0	0	872	0	0	170 035	147 319
Other income	1 036	0	0	3 012	0	0	2 597	8 093
Internal income	2 448	0	8 593	9 245	-23 981	-11 530	0	0
Total income	42 560	0	8 593	13 128	-23 981	-11 530	300 705	271 669
EBITDA *)	4 183	0	-38 340	-17 654	0	0	34 789	18 431
<i>EBITDA margin</i>	10,1%				0,0%		11,7%	7,0%
Depreciation and amortisation	-786	0	-11 238	-12 426	1 097	1 353	-26 360	-25 983
Operating profit	3 397	0	-49 578	-30 080	1 097	1 353	8 429	-7 552
Financial income							3 988	17 519
Financial expenses							-13 283	-25 657
Profit before tax	3 397	0	-49 578	-30 136	1 097	1 353	-866	-15 690

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

INTANGIBLE AND TANGIBLE ASSETS TSEK SEP	SWEDEN		NORWAY		FINLAND		NETHERLANDS	
	2021	2020	2021	2020	2021	2020	2021	2020
Intangible assets	0	0	19 792	13 963	5 356	7 230	69 874	4 392
Tangible assets	3 009	2 317	2 654	3 890	3 043	5 391	6 807	6 339
Total intangible and tangible assets	3 009	2 317	22 446	17 853	8 399	12 621	76 681	10 731

INTANGIBLE AND TANGIBLE ASSETS TSEK SEP	GERMANY		GROUP-WIDE		GROUP ELIMINATIONS		TOTAL FOR THE GROUP	
	2021	2020	2021	2020	2021	2020	2021	2020
Intangible assets	17	0	424 378	422 870	8 859	7 635	528 276	456 090
Tangible assets	5 413	0	3 080	5 349	0	0	24 006	23 286
Total intangible and tangible assets	5 430	0	427 458	428 219	8 859	7 635	552 282	479 376

FIXED ASSETS PER GEOGRAPHICAL AREA*

	2021-09-30	2020-09-30
Sweden	30 023	25 417
Denmark	669	701
Norway	167 870	160 141
Finland	76 036	82 586
Netherlands	199 854	210 531
Germany	77 830	0
Total fixed assets	552 282	479 376

**Does not reconcile with the breakdown of fixed assets in the segment reporting. Goodwill and other surplus values are presented in a group-wide segment to the Chief Executive Officer but is included in different geographical areas. A segment can also contain several geographical areas.*

(TSEK)	2021-09-30	2020-09-30	2020-12-31
Financial assets measured at amortized cost (Hold to Collect)			
Trade accounts receivable	56 565	51 039	65 598
Contract assets	11 648	7 174	8 375
Other financial receivables	130	130	130
Cash and cash equivalents	90 818	131 058	125 671
Financial assets	159 161	189 401	199 774
Financial liabilities			
<i>Other financial liabilities valued at amortised cost</i>			
Liabilities to credit institutions	4 070	5 757	6 271
Debenture loan	297 504	295 805	296 229
Leasing liability	14 850	15 211	13 866
Liabilities to related parties	0	35	0
Liabilities related to acquisitions	3 060		
Trade accounts payable	35 067	21 480	31 480
<i>Financial liabilities measured at fair value</i>			
Contingent considerations relating to acquisitions	28 563	11 207	0
Financial liabilities	383 113	349 495	347 847

	NORLAND systems GmbH
Contingent considerations	
Opening balance 2021-01-01	0
Payment of contingent considerations	28 449
Exchange rate changes	114
Closing balance 2021-09-30	28 563
	NORLAND systems GmbH
Expected payment 2022	18 877
Expected payment 2023	9 686
Total expected payment	28 563

Contingent considerations relating to acquisitions

The liabilities are contingent considerations relating to acquisitions.

Fair value measurement is carried out according to level 3, which means that fair value is determined on the basis of valuation models where material input is based on unobservable data. The liabilities are measured at fair value and are based on certain performance thresholds related to EBITDA 2021 and 2022.

Not 5 Business Combinations

On March 4, 2021, ZetaDisplay AB (publ) acquired 100% of the share capital in NORDLAND systems GmbH. Nordland is a leading German integrator. The acquisition gives ZetaDisplay an entry into the German market and the acquisition is an essential step for ZetaDisplay towards achieving its financial targets.

Payments carried forward

TSEK	NORDLAND systems GmbH
Cash and cash equivalents	36 676
Outstanding payment	3 060
Earn out 1 (2022-05-31)*	18 802
Earn out 2 (2023-05-31)*	9 647
Total payments carried forward	68 185

**) If certain defined performance thresholds are achieved during 2021 and 2022, a maximum additional consideration of 2.8 MEUR could be paid. Management considers it likely that the contingent consideration will be paid. The fair value on the acquisition date of the total contingent consideration has been estimated to amount to SEK 28.4 million.*

Acquisition costs amount to SEK 2.5 million and have been reported in the income statement as other external expenses.

TSEK	NORDLAND systems GmbH
Non-current assets	
Intangible assets	26
Tangible assets	4 871
Right of use assets	3 663
Current assets	
Inventories	3 783
Trade accounts receivable	8 203
Other receivables	650
Cash and cash equivalents	2 451
Long-term liabilities	
Other interest bearing liabilities	-15 351
Current liabilities	
Trade accounts payable	-4 261
Other liabilities	-3 640
Identified assets and liabilities, net	392
Payments carried forward	68 185
Surplus value	67 793
Allocation of surplus value:	
Goodwill	54 565
Customer relations	18 657
Deferred tax	-5 429

According to the preliminary balance for the acquisition, the difference between the net assets of NORDLAND systems GmbH and the total payments carried forward are SEK 68.2 million. This excess value has been preliminary allocated to customer relations SEK 18.7 million, deferred tax SEK 5.4 million and goodwill SEK 54.6 million. Customer relations are based on a service life of ten years. Goodwill is attributable to the expected development of future markets, revenue growth and the overall workforce in the company. No part of the goodwill is tax deductible.

Net cash flow from business combinations

TSEK	NORDLAND systems GmbH
Cash payments	36 676
Minus: Cash and cash equivalents acquired	-2 625
Net cash flow	34 051

Effect of the acquisition on consolidated profit/loss

The acquired business contributed revenues of SEK 40.1 million, EBITDA of SEK 4.2 million, operating profit of SEK 3.3 million and profit after tax of SEK 2.8 million for the period March 4 to September 30, 2021.

If the acquisition had taken place on January 1, 2021, the Group's revenue would have amounted to SEK 306.5 million, EBITDA to SEK 35.1 million, the Group's operating profit to SEK 8.6 million and profit after tax to SEK -4.9 million.

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
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
Net debt	Interest-bearing liabilities decreased by interest-bearing assets and cash and cash equivalents	Measures to show the Company's indebtedness
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
SaaS-revenues (recurring)	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
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

SAAS-REVENUES (RECURRING) (TSEK)	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	ROLLING 12 MONTHS Q4 2020-Q3 2021	JAN-DEC 2020
License income	37 496	32 991	107 404	100 817	140 076	133 489
Support and other contractual services	6 967	5 453	20 669	15 440	26 965	21 736
Total SaaS-revenues	44 463	38 444	128 073	116 257	167 041	155 225
ARR (ANNUAL RECURRING REVENUE) (TSEK)	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	ROLLING 12 MONTHS Q4 2020-Q3 2021	JAN-DEC 2020
SaaS-revenues last month in the quarter	14 778	13 049	14 778	13 049		13 362
Multiplied with 12 months	12	12	12	12		12
ARR (Annual recurring revenue)	177 331	156 588	177 331	156 588		160 344
GROSS MARGIN (TSEK)	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	ROLLING 12 MONTHS Q4 2020-Q3 2021	JAN-DEC 2020
Net sales	101 620	86 927	298 108	263 576	400 778	366 246
Total income	101 620	86 927	298 108	263 576	400 778	366 246
<i>Operating expenses</i>						
Goods for resale	-36 133	-41 010	-109 961	-116 218	-151 226	-157 483
Gross profit	65 487	45 917	188 147	147 358	249 552	208 763
Gross margin (%)	64,4	52,8	63,1	55,9	62,3	57,0
EBITDA (TSEK)	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	ROLLING 12 MONTHS Q4 2020-Q3 2021	JAN-DEC 2020
Operating profit	4 291	5 274	8 429	-7 552	19 612	3 656
Depreciation and amortisation	-8 929	-8 280	-26 360	-25 983	-35 208	-34 831
EBITDA	13 220	13 554	34 789	18 431	55 175	38 487
EBITDA-margin (%)	13,0	15,6	11,7	7,0	13,7	10,5
OPERATING MARGIN (TSEK)	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	ROLLING 12 MONTHS Q4 2020-Q3 2021	JAN-DEC 2020
Net sales	101 620	86 927	298 108	263 576	400 778	366 246
Operating profit	4 291	5 274	8 429	-7 552	20 620	3 656
Operating margin (%)	4,2	6,1	2,8	-2,9	4,9	1,0
Net debt (TSEK)	2021-09-30	2020-09-30	2020-12-31			
Interest-bearing assets and cash and cash equivalents	90 818	131 058	125 671			
Interest-bearing liabilities	-316 184	-316 807	-316 281			
Net debt	-225 366	-185 749	-190 610			