Increase in SaaS-revenues and continued international expansion

July – September 2019

- Net sales decreased by 14% to SEK 101.1 (117.4) million
- SaaS-revenues (recurring)* increased by 25% to SEK 33.0 (26.5) million
- ARR (Annual recurring revenue) increased by 25% to SEK 135.8 (108.6) million.
- EBITDA amounted to SEK 13.2 (14.1) million
- Operating profit amounted to SEK -14.5 (9,3) million
- Earnings per share before and after dilution amounted to SEK 0.29 (0.24) and 0.29 (0.24)

January – September 2019

- Net sales increased by 7% to SEK 291.8 (273.2) million
- SaaS-revenues (recurring)* increased by 39% to SEK 97.1 million (69.6)
- ARR (Annual recurring revenue) increased by 25% to SEK 135.8 (108.6) million
- EBITDA amounted to SEK 31.0 (32,0) million
- Operating profit amounted to SEK -9.4 (18.5) million
- Earnings per share before and after dilution amounted to SEK 0.16 (0.08) and 0.16 (0.08)

Significant events during the quarter

- The existing outstanding preference shares were delisted after the AGM's decision on redemption.
- Per Mandorf took over as President & CEO on 1 September 2019
- ZetaDisplay issued a 3.5-year senior unsecured bond of SEK 300 million under a framework amount of SEK 500 million.
- ZetaDisplay has signed a contract with Hurtigruten AS through its Norwegian subsidiary. The five-year contract has a value of SEK 22 million.
- 524,967 ordinary shares were pledged for a subscription price of SEK 11.43 per ordinary share during the last subscription period for the ZETA TO 1 option program.

Significant events after the quarter

- ZetaDisplay AB acquires 100% of Gauddi BV against a cash compensation of SEK 52.7 million and an additional performance-based payment of up to SEK 18.4 million. Gauddi BV is integrated into ZetaDisplay BV from 10 October 2019.

FINANCIAL INDICATORS (TSEK)	JUL-SEP 2019	JUL-SEP 2018	JAN-SEP 2019	JAN-SEP 2018	ROLLING 12 MONTHS Q4 2018 - Q3 2019	JAN-DEC 2018
Net sales	101 063	117 371	291 813	273 164	422 750	404 101
SaaS-revenues (recurring) *	33 006	26 498	97 103	69 620	129 390	101 907
Annual recurring revenue (ARR)	135 828	108 600	135 828	108 600		129 828
Gross margin (%)	50,8	37,6	52,3	47,3	49,3	45,7
EBITDA*	13 232	14 146	30 994	32 059	47 090	48 155
EBITDA-margin (%)	13,1	12,1	10,6	11,7	11,1	11,9
Operating profit	-14 531	9 346	-9 358	18 480	1 713	29 551
Operating margin (%)	-14,4	8,0	-3,2	6,8	0,4	7,3
Profit/loss for the period	14 148	7 461	13 155	5 979	32 752	25 576
Equity ratio (%)	36,9	42,7	36,9	42,7		42,9
Equity per share	10,31	10,89	10,31	10,89		11,24
Earnings per share before dilution (SEK)	0,29	0,24	0,16	0,08		0,87
Earnings per share after dilution (SEK)	0,29	0,24	0,16	0,08		0,85

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

Comments from the CEO

Increase in SaaS-revenues and continued international expansion

ZetaDisplay continues to grow as a service and software company. The share of SaaS-revenues increased by 25% compared to the same period last year and represents 33% of net sales. We show also a healthy growth in ARR (Annual recurring revenue) which has increased by 25%. The potential in our customer contracts drives a continued investment in international and scalable cloud services. During the quarter we secured funding for our growth by issuing of a senior bond of SEK 300 million.

Net sales decreased by 14% for the quarter as effect of the hardware sales to ATG in the third quarter of the previous year, amounting to approximately SEK 50 million. Isolated for this delivery, net sales in the quarter increased by approximately 50%. SaaS-revenues are rising considerably and improved by 25% to SEK 33.0 (26.5) million. ARR is also growing and amounts now to SEK 136 (109) million.

The changed revenue mix strengthens the gross margin. Gross profit increased by SEK 7.3 million to 51.4 (44.1), corresponding to a growth of 16.4%.

The group's international growth ambition affects operating expenses, which has an impact on EBITDA compared to the previous year.

The Dutch subsidiary QYN BV has changed its name to ZetaDisplay BV. Due to this, we have chosen to re-evaluate the trademark, which explains the one-time write-down of SEK 20.9 million. After this impairment, operating profit amounted to SEK -14.5 (9.3) million. In addition, there has been a revaluation of contingent considerations on acquisitions that have resulted in a positive effect of SEK 26.1 million. In total, these non-recurring effects including tax contributed SEK 10.4 million to the net income for the period.

To accelerate the company's international expansion, we have secured a more flexible financing structure. We have issued a non-secured senior bond of SEK 300 million with a maturity of 3.5 years. The transaction was well oversubscribed and rendered a broad interest from Nordic institutional investors.

The acquisition of Dutch Gauddi BV, which took place after the end of the quarter, is part of this international expansion. Gauddi's successful business model towards customers locally and internationally strengthens our offering both geographically and conceptually. The acquisition will be integrated with ZetaDisplay BV in the Netherlands. Our entity is now clear market leader in the Benelux area.

Outlook

Market demand remains strong in all three customer segments – retail, public and work¬place communication. This in combination with the existing contracted customer base will continue to support the further growth of SaaS-revenues for ZetaDisplay.

Our scalable product and service offering, the cloud-based software and our international delivery capabilities build the foundation for continued growth, both organically and through acquisitions.

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 software and conceptually know-how. These combined activities are creating a clear added value for our customers.

We have started to deliver in line with the international framework agreements that were established earlier this year and have started deliveries to several markets. Our communication concept and our software solution has been received very well. However, the largest effects continue to lie ahead, which is promising for the coming quarters.

Malmö, 7 November 2019

Per Mandorf
President & CEO

Financial reporting dates

Year-end report Jan-Dec 2019	7 February2020
Annual Report 2019	6 April 2020
Interim Report Jan-March 2020	4 May 2020
Annual General Meeting 2019	4 May 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. We operate in an immature market category where many potential customers have not yet invested in the technology. 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 recurring revenues. The maturity level among our customers is rising, and ZetaDisplay is receiving enquiries from existing customers who intend to take the next step and develop and broaden their investment in this channel.

To meet current and future customer demands, ZetaDisplay needs to continuously enhance its processes, systems and product solutions. A large portion of the investments go into increased technical functionality and harmonized platforms, to enable us to exploit economies of scale within the organization. This is also a way of creating a secure and future-proof solution for our customers.

Significant events during the third quarter

New contracts

ZetaDisplay has signed a new order for Digital Signage installations through its Norwegian subsidiary with Hurtigruten AS, the world's largest cruise operator for expedition trips. The order has a total contract value of SEK 22 million over the next five years. The installation refers to Hurtigruten ship MS. Fridtjof Nansen which is estimated to sail its maiden voyage in the spring of 2020.

Other

Following the Annual General Meeting's decision to redeem all outstanding preference shares, the Board applied for delisting of the company's preference shares. The application was approved, and all preference shares have been redeemed with last day of trading on August 22, 2019.

Per Mandorf took over as President & CEO from 1 September 2019.

ZetaDisplay AB has issued 3.5-year senior unsecured SEK denominated bonds of SEK 300 million under a SEK 500 million framework. The transaction was well oversubscribed and rendered a broad interest from Nordic institutional investors. The bonds have a floating rate coupon of 3 months STIBOR + 4.75 per cent per annum and final maturity March 2023. ZetaDisplay intends to apply for listing of the bonds on the corporate bond list of Nasdaq Stockholm.

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. This had a dilution effect of 2.0 %. Conversion to ordinary shares will take place after the end of the quarter.

Significant events after the third quarter

ZetaDisplay announced on October 10 that all shares in the Dutch company Gauddi BV were acquired by the subsidiary ZetaDisplay B.V.

The total purchase price amounted to SEK 71.1 million, where SEK 52.7 million was paid in cash at takeover and SEK 18.4 million constituted additional purchase considerations, 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 Gauddi BV amounted to SEK 49 million and EBITDA of SEK 8.2 million. 41% of total sales were recurring revenue.

Through the acquisition, ZetaDisplay also becomes the leading Digital Signage player in the Benelux, accelerating its international expansion. Gauddi 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.

The acquired business is consolidated in the ZetaDisplay Group from October 10, 2019 and will be included in the Netherlands segment. The majority of the Group surplus value from the acquisition will be allocated to customer relations and goodwill.

Information to be able to make a complete financial presentation of the acquisition was not directly available at the submission of this interim report, which is why a preliminary specification of the acquisition including other acquisition-related information will be provided in the 2019 year-end report.

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 2019

Net sales

Net sales for the quarter decreased by 13.9% to SEK 101.1 (117.4) million, compared with the corresponding quarter last year. The decrease is attributable to lower sales of hardware, where deliveries to ATG contributed approximately SEK 50 million in sales in the third quarter last year. Excluding this delivery, net sales have grown, which is mainly explained by new agreements and to some extent acquisitions and currency. SaaS-revenues increased by 25% to SEK 33.0 (26.5) million. Future annual recurring revenues (ARR) increased by 25% to SEK 135.8 (108.6) million. Organic growth at fixed exchange rates was-15.6%, while organic growth in SaaS-revenues was 16.2%.

Of total net sales, SaaS-revenues accounted for 33 (23)%.

Gross Profit

Gross profit amounted to SEK 51.4 (44.1) million, corresponding to a gross margin of 50.8 (37.6)%. 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 was SEK -49.7 (-73.2) million and mainly consists of hardware and installations. The difference is attributable to the deliveries of hardware to ATG in the previous year.

Other expenses amounted to SEK -13.6 (-10.6) million and are mainly explained by the use of external resources.

Personnel costs amounted to SEK-26.6 (-21.6) 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 -27.8 (-4.8) 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 13.2 (14.1) million, corresponding to an EBITDA margin of 13.1 (12.1)%.

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.

The introduction of IFRS 16 has a positive effect on EBITDA of SEK 1.9 million, with a comparable increase in depreciation, in comparison with the previous year.

Operating profit

Operating profit amounted to SEK-14.5 (9.3) million, corresponding to a margin of -14.4 (8.0)%.

Operating profit is affected by items affecting comparability such as this year’s write-down of trademarks of SEK 20.9 million. Previous year this amounted to SEK 0.8 million, due to acquisition costs relating to the acquisition of Webpro AS.

Adjusted for these effects, operating profit amounted to SEK 6.4 (10.1) million, corresponding to an operating margin of 6.3 (8.7)%.

Financial items

Financial items amounted to SEK 24.4 (-0.3) million. The change is attributable to a one-time effect of SEK 26.1 million relating to revaluation of contingent considerations for acquired companies. For further information, see note 4.

Tax

The tax expense for the quarter amounted to SEK 4.3 (-1.5) million. Tax expense is positive as a result of reversal of deferred tax liability in connection with write-down of trademarks.

Profit and loss for the quarter

Profit for the quarter amounted to SEK 14.1 (7.5) million. Earnings per share amounted to SEK 0.29 (0.24) before dilution and the corresponding SEK 0.29 (0.24) after dilution. Earnings per share are affected by the redemption of preferred shares during the quarter.

January-September 2019

Net sales

Net sales for the period increased by 6.8% to SEK 291.8 (273.2) million, compared with the corresponding period last year. Growth is generally explained by increased sales and, in particular, increased SaaS-revenues in all segments. SaaS-revenues increased by 39% to SEK 97.1 (69.6) million**.** Future annual recurring revenue (ARR) increased by 25% to SEK 135.8 (108.6) million. Organic growth at fixed exchange rates was 1.1% and organic growth in SaaS-revenues was 27.5%. Of total net sales, SaaS-revenues accounted for 33 (26)%.

Gross Profit

Gross profit amounted to SEK 152.7 (129.1) million, corresponding to a gross margin of 52.3 (47.3)%. 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 was SEK -139.2 (-144.1) million and mainly consists of hardware and installations. This year there are increased sales related to 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 -41.8 (-33.1) million and are mainly explained by the use of external resources.

Personnel costs amounted to SEK -86.6 (-70.8) 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 -40.4 (-13.6) million. Due to the trademark change from Qyn BV to ZetaDisplay BV, a one-time write-downof SEK 20.9 million of trademarks related to ZetaDisplay BV (formerly Qyn BV) affected the total depreciation. Other increase is attributable to the introduction of IFRS 16.

EBITDA

EBITDA decreased to SEK 31.0 (32.1) million, corresponding to an EBITDA margin of 10.6 (11.7)%. 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. The introduction of IFRS 16 has a positive effect on EBITDA of SEK 5.0 million, with a comparable increase in depreciation compared to the previous year.

Operating profit

Operating profit amounted to SEK-9.4 (18.5) million, corresponding to a margin of -3.2 (6.8)%. Operating profit is affected by items affecting comparability such as this year's write-down of trademarks of SEK 20.9 million. Previous year this amounted to SEK 2.0 million, due to acquisition costs. Adjusted for these effects, operating profit amounted to SEK 11.6 (20.5) million, corresponding to an operating margin of 4.0 (7.5)%.

Financial items

Financial items amounted to SEK 20.9 (-7.2) million. The change is attributable to a one-time effect of SEK 26.1 million relating to revaluation of contingent considerations for acquired companies. For further information see note 4.

Tax

The tax expense for the period amounted to SEK 1.6 (-5.3) million. Tax expense is positive as a result of reversal of deferred tax liability in connection with write-down of trademarks.

Profit and loss for the period

Profit for the period amounted to SEK 13.2 (6.0) million. Earnings per share amounted to SEK 0.16 (0.08) before and after dilution. Earnings per share are affected by the redemption of preferred shares during the period.

Cash flow

During the period, the group generated cash flow from operating activities of SEK -5.4 (5.2) million. Cash flow from investing activities amounted to SEK -35.6 (-65.1) million, of which payment of the contingent considerations of acquisitions amounted to SEK -20.9 (-47.6) million, acquisitions of subsidiaries to SEK 0.0 (8.9) million, investments in intangible fixed assets to SEK-11.8 (-6.9) million and tangible fixed assets to SEK -3.1 (-2.2) million. Cash flow from financing activities amounted to SEK 119.5 (50.6) million. Total cash flow during the period amounted to SEK 78.5 (-9.4) million.

Financial position

The equity/assets ratio at the end of the period amounted to 36.6% (42.7). The Group had a total of SEK 206.2 (73.5) million in cash and cash equivalent funds and unutilized credits as of September 30, of which SEK 164.5 (47.2) million were cash and cash equivalent. Net debt amounted to SEK -168.5 (-83.5) million at the end of the period.

Segments

The group reports per segment. The segments consist of Sweden (including Denmark and other markets), Norway and Finland (including the Baltics), the Netherlands as well as segment Group-wide. A comparison for the third quarter is presented below. For financial information by segment and the period, see note 3.

Segment Sweden reports income from external customers of SEK 32.8 (60.0) million for the third quarter, corresponding to a decrease of 45.2%. The decrease is due to sales to ATG, which in the quarter last year contributed SEK 50 million. EBITDA amounted to SEK 2.2 (4.5) million for the quarter and EBITDA margin to 6.7 (7.5)%.

Segment Norway reports income from external customers of SEK 34.0 (20.6) million for the third quarter, corresponding to a growth of 64.6%. The growth is organic. EBITDA amounted to SEK 9.7 (6.6) million for the quarter and EBITDA margin was 28.6 (31.8)%.

Segment Finland reports income from external customers of SEK 20.3 (21.5) million for the third quarter, corresponding to a decrease of 5.8%. The decrease is attributable to hardware, installation and other services. Acquisitions have not affected the income. EBITDA amounted to SEK 1.4 (2.2) million for the quarter and EBITDA margin was 6.9 (10.3)%.

Segment Netherlands reports income from external customers of SEK 13.3 (14.7) million for the third quarter, corresponding to a decrease of 9.7%. The decrease is attributable to hardware, installation and other services. Acquisitions have not affected the income. EBITDA amounted to SEK 4.6 (4.9) million for the quarter and EBITDA margin was 31.8 (33.6)%.

Group-wide costs increased by 22.8% from 6.1 to 7.5 MSEK. 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 25.9 (60.3) million, for the third quarter. Operating profit was SEK-0.9 (1.9) million and profit after tax totalled SEK 14.8 (1.8) million.

The parent company had a total of SEK 176.9 (39.6) million in cash and cash equivalent and unutilized credits as of September 30, of which SEK 152.8 (29.1) million related to cash and cash equivalent.

Investments in fixed assets during the period amounted to SEK 9.5 (58.6) million, of which investment in subsidiaries amounted to SEK 0.0 (55.5) million and investments in intangible assets amounted to SEK 7.5 (1.9) million.

Other information

Number of employees

The average number of full-time employees was 137 during the past nine months period, against 122 for the equivalent period last year.

Transactions with related parties

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

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. In total, 329,750 options were signed, of which 217,500 were subscribed by senior executives. This corresponds to a dilution effect of approximately 1.3% if all warrants were to be exercised.

The share and shareholders

Since 4 December 2017, ZetaDisplay's shares on Small Cap at Nasdaq, the main stock exchange in Stockholm, Sweden. The share is traded under the short code ZETA. The company was previously listed on First North Premier Stockholm (from 4 April 2011).

Erik Penser Bank is 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 (1,910) as of September 30, 2019. The shareholder structure per balance sheet date is shown in the table below.

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.

Exercised warrants were replaced with interim shares (IA) pending registration at Bolagsverket. Conversion to ordinary shares will take place after the end of the quarter.

Through the utilization of warrants, the number of ordinary shares in ZetaDisplay increases with 524,967 shares from 26,275,044 to 26,800,011 ordinary shares. The share capital increases by SEK 524,967 from SEK 26,275,044 to SEK 26,800,011.

The company has two outstanding option programs of total 929,750 options with the right to subscribe for 957,250 shares in the company. The programs refer to long-term incentive programs for 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	14,3%	14,3%
Anders Pettersson	2 713 567	2 713 567	10,3%	10,3%
Mats Johansson	2 563 468	2 563 468	9,8%	9,8%
Prioritet Capital AB	1 212 500	1 212 500	4,6%	4,6%
AMF Fonder	1 113 000	1 113 000	4,2%	4,2%
Magari Venture AS	1 100 000	1 100 000	4,2%	4,2%
Anders Moberg	1 056 251	1 056 251	4,0%	4,0%
Mats Leander	1 000 000	1 000 000	3,8%	3,8%
Martin Gullberg	800 000	800 000	3,0%	3,0%
Leif Liljebrunn	708 018	708 018	2,7%	2,7%
Nordea Fonder	616 215	616 215	2,3%	2,3%
LMD Beheer B.V (previous owner Qyn B.V)	596 762	596 762	2,3%	2,3%
Mikael Hägg	590 274	590 274	2,2%	2,2%
Avanza Pension	583 931	583 931	2,2%	2,2%
Six Sis AG	533 107	533 107	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	6 604 620	6 604 620	25,1%	25,1%
TOTAL	**26 275 044**	**26 275 044**	**100%**	**100%**

Annual General Meeting

The Annual General Meeting will be held in Stockholm on 4 May 2020. Shareholders wishing to have a question addressed at the meeting can submit their proposal to The Board of Directors via e-mail info@zetadisplay.com, or by letter to: Zetadisplay AB, Board of Directors, Höjdrodergatan 21, SE-212 39 Malmö. Proposals shall be submitted to the Board of Directors no later than 16 March 2020.

The nomination committee for the Annual General Meeting 2020 has been appointed. It will consist of Alexander Ehrnrooth on the mandate of the largest shareholder Valeado AB, Anders Pettersson on the mandate of related company, Mats Johansson on own mandate and Niklas Wiberg on the mandate of Priority Capital AB.

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 November 2019

Per Mandorf

President & CEO

This interim 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 Directors.

This interim 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 November at 08:00.

For further information, please contact:

Per Mandorf, President & CEO
Mobile: 0704- 25 82 34
E-mail per.mandorf@zetadisplay.com

Ola Burmark, CFO
Mobile: 0708-21 57 86
E-mail ola.burmark@zetadisplay.com

Daniel Oelker, CCO
Mobile: 0708-45 80 54
E-mail daniel.oelker@zetadisplay.com

Report of Review of Interim Financial Information

Introduction

We have reviewed the interim report of ZetaDisplay AB (publ) for the period 1 January 2019 to 30 September 2019. The Board of Directors and the CEO are responsible for the preparation and presentation of the Interim Report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion regarding the Interim Report based on our review.

Scope and focus 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 has a different focus and is considerably smaller in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards. 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. Consequently, the conclusion based on a review does not give the same level of assurance as a conclusion based on an audit.

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, 7 November 2019

Deloitte AB

Per-Arne Pettersson

Authorized public accountant

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - SUMMARY (TSEK)

	3 MONTHS JUL-SEP 2019	3 MONTHS JUL-SEP 2018	9 MONTHS JAN-SEP 2019	9 MONTHS JAN-SEP 2018	12 MONTHS JAN-DEC 2018
Net turnover	101 063	117 371	291 813	273 164	404 101
Capitalized work on own account	2 084	2 248	6 788	6 918	8 061
Total Revenue	**103 147**	**119 619**	**298 601**	**280 082**	**412 162**
Operating expenses					
Goods for resale	-49 704	-73 257	-139 150	-144 086	-219 421
Other external expenses	-13 604	-10 569	-41 830	-33 132	-46 605
Personnel expenses	-26 607	-21 647	-86 627	-70 805	-97 981
Depreciations and write-downs	-27 763	-4 800	-40 352	-13 579	-18 604
Operating profit	**-14 531**	**9 346**	**-9 358**	**18 480**	**29 551**
Financial income	26 654	925	28 355	1 886	14 701
Financial expenses	-2 262	-1 221	-7 468	-9 121	-10 708
Profit/loss after financial items	**9 861**	**9 050**	**11 529**	**11 245**	**33 544**
Tax	4 287	-1 589	1 626	-5 266	-7 968
Net proft/loss	**14 148**	**7 461**	**13 155**	**5 979**	**25 576**
Profit/loss per share before dilution, SEK	0,29	0,24	0,16	0,08	0,87
Profit/loss per share after dilution, SEK	0,29	0,24	0,16	0,08	0,85
Average number of common shares before dillution, SEK	28 043	25 328	27 289	22 306	23 144
Average number of common shares after dillution, SEK	28 276	25 847	27 519	22 826	23 666

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (TSEK)

	3 MONTHS JUL-SEP 2019	3 MONTHS JUL-SEP 2018	9 MONTHS JAN-SEP 2019	9 MONTHS JAN-SEP 2018	12 MONTHS JAN-DEC 2018
Profit/loss for the period	14 148	7 461	13 155	5 979	25 576
Items that may later be transferred to profit/loss for the period					
Translations differences	2 599	-4 350	19 876	20 701	9 723
Comprehensive income for the period	**16 747**	**3 111**	**33 031**	**26 680**	**35 299**
Attributable to shareholders in the Parent Company	16 747	3 111	33 031	26 680	35 299

CONSOLIDATED BALANCE SHEET - SUMMARY (TSEK)

	2019-09-30	2018-09-30	2018-12-31
ASSETS			
Intangible assets	410 138	424 097	411 551
Tangible assets	8 209	8 142	7 539
Right of use assets	18 192	0	0
Deferred tax assets	2 634	2 844	4 589
Financial non-current assets	130	383	274
Total non-current assets	**439 303**	**435 466**	**423 953**
Inventories	18 334	14 565	13 373
Current receivables	113 241	116 345	111 512
Cash and cash equivalents	164 495	47 189	83 389
Total current assets	**296 070**	**178 099**	**208 274**
TOTAL ASSETS	**735 373**	**613 565**	**632 227**
EQUITY AND LIABILITIES			
Equity attributable to shareholders in the Parent Company	271 000	261 700	271 458
Total equity	**271 000**	**261 700**	**271 458**
Provisions	**346**	**266**	**272**
Non-current liabilities	323 766	174 096	182 387
Current liabilities	140 261	177 503	178 110
Total liabilities	**464 027**	**351 599**	**360 497**
TOTAL EQUITY AND LIABILITIES	**735 373**	**613 565**	**632 227**

CONSOLIDATED CASH-FLOW STATEMENTS (TSEK)

	9 MONTHS JAN-SEP 2019	9 MONTHS JAN-SEP 2018	12 MONTHS JAN-DEC 2018
Operating activities			
Operating profit	-9 358	18 480	29 551
Adjustments for depreciation and amortisation	40 352	13 579	18 604
Interest received	1 837	1 802	3 214
Interest paid	-5 939	-6 960	-10 326
Adjustment for items not included in cash flow	319	1 424	-561
Income tax paid	-5 535	-362	-1 313
Cash flow from operating activities before changes in working capital	**21 676**	**27 963**	**39 169**
Change in working capital			
Change in inventories	-4 617	-3 129	-1 039
Change in receivables	-5 380	-59 369	-50 492
Change in current liabilities	-17 048	39 700	38 402
Total change in working capital	**-27 045**	**-22 798**	**-13 129**
Cash flow from operating activities	**-5 369**	**5 165**	**26 040**
Investment activities			
Acquisition of subsidiaries *)	0	-8 889	-18 501
Paid contingent consideration for acquisition of subsidiaries	-20 876	-47 529	-47 529
Acquisition of intangible assets	-11 758	-6 893	-9 760
Acquisition of tangible assets	-3 122	-2 157	-2 697
Sales of financial assets	149	327	433
Cash flow from investment activities	**-35 607**	**-65 141**	**-78 054**
Financing activities			
Stock issue	33 764	70 633	71 772
Redemption preference shares	-66 697	0	0
Borrowing	300 000	0	30 000
Subscription warrants	808	1 336	1 336
Amortisation of debt	-136 805	-29 784	-32 554
Amortisation of lease debt	-4 774	0	0
Dividends paid	-2 728	-4 093	-5 457
Change in factoring costs	-4 085	12 515	10 844
Cash flow from financing activities	**119 483**	**50 607**	**75 941**
Cash flow for the year	**78 507**	**-9 369**	**23 927**
Cash and cash equivalents at start of period	**83 389**	**58 771**	**58 771**
Exchange rate difference	**2 599**	**-2 213**	**691**
Cash and cash equivalents at end of period	**164 495**	**47 189**	**83 389**

**) Relates to the acquisition of 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
Transactions with shareholders:					
Approved distribution of preference shares		-5 457			-5 457
Option premiums received		1 336			1 336
Stock issue	4 915	70 833			75 748
Issue expenses		-3 976			-3 976
Closing balance 2018-12-31	**24 750**	**286 342**	**5 488**	**-45 122**	**271 458**
Changes in equity					
2019-01-01 - 2019-09-30					
Comprehensive income for the period			19 876	13 155	33 031
Transactions with shareholders:					
Approved distribution of preference shares		-1 364			-1 364
Option premiums received		808			808
Redemption preference shares	-606	-66 091			-66 697
Stock issue		32 626			34 757
Issue expenses		-993			-993
Closing balance 2019-09-30	**24 144**	**251 328**	**25 364**	**-31 967**	**271 000**

PARENT COMPANY INCOME STATEMENT - SUMMARY (TSEK)

	3 MONTHS JUL-SEP 2019	3 MONTHS JUL-SEP 2018	9 MONTHS JAN-SEP 2019	9 MONTHS JAN-SEP 2018	12 MONTHS JAN-DEC 2018
Net sales	25 883	60 272	71 698	88 631	134 145
Capitalized work on own account	1 376	556	4 122	2 430	2 627
Total income	**27 259**	**60 828**	**75 820**	**91 061**	**136 772**
Operating expenses					
Goods for resale	-10 932	-47 239	-33 085	-59 153	-91 497
Other external expenses	-7 578	-4 401	-24 204	-12 935	-18 311
Personnel expenses	-8 828	-6 210	-26 017	-19 131	-28 754
Depreciation and amortisation	-865	-1 049	-2 643	-3 152	-3 951
Operating profit	**-944**	**1 929**	**-10 129**	**-3 310**	**-5 741**
Result from participations in group companies	17 247	0	27 209	10 755	24 074
Interest income	435	1 027	2 013	1 816	4 134
Interest expenses	-1 899	-1 188	-6 432	-8 607	-9 912
Profit/loss after financial items	**14 839**	**1 768**	**12 661**	**654**	**12 555**
Tax	0	0	0	0	-83
Profit/loss for the period*	**14 839**	**1 768**	**12 661**	**654**	**12 472**

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

PARENT COMPANY BALANCE SHEET – SUMMARY (TSEK)

	2019-09-30	2018-09-30	2018-12-31
ASSETS			
Intangible assets	14 007	8 502	8 579
Tangible assets	2 920	1 329	1 470
Participations in group companies	373 127	407 140	395 754
Deferred tax assets	1 217	1 300	1 217
Financial non-current assets	130	130	130
Total non-current assets	**391 401**	**418 401**	**407 150**
Inventories	6 499	4 074	2 991
Current receivables	58 870	65 296	55 472
Cash and cash equivalents	152 805	29 117	59 176
Total current assets	**218 174**	**98 487**	**117 639**
TOTAL ASSETS	**609 575**	**516 888**	**524 789**
EQUITY AND LIABILITIES			
Equity	222 300	230 979	243 936
Total equity	**222 300**	**230 979**	**243 936**
Provisions	**346**	**266**	**292**
Non-current liabilities	300 724	145 289	153 231
Current liabilities	86 205	140 354	127 350
Total liabilities	**386 929**	**285 643**	**280 581**
TOTAL EQUITY AND LIABILITIES	**609 575**	**516 888**	**524 809**

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
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 liabilties (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 first nine months are presented in the table below.

Consolidated balance sheet - summary

	Effect January - September 2019			OB/CB Analysis		
Tillgångar	2019-09-30 AFTER IFRS 16	2019-09-30 IFRS EFFECT	2019-09-30 BEFORE IFRS 16	Reported balance January 1, 2019	Conversion to IFRS 16	Recalculated balance January 1, 2019
Right of use assets	18 192	-18 192	0	0	16 831	16 831
Deferred tax asset	2 514	-120	2 394	0	0	0
Prepaid expenses	30 776	1 155	31 931	28 903	-1 014	27 889
Total impact assets		**-17 157**			**15 817**	
Equity						
Retained earnings	-45 122	1	-45 121	-45 122	0	-45 122
Net profit/loss	13 155	425	13 580	0	0	0
Total impact equity		**426**			**0**	
Long term liabilities						
Leasing liabilities	10 014	-10 014	0	0	10 186	10 186
Total impact long term liability		**-10 014**			**10 186**	
Kortfristiga skulder						
Leasingskulder	7 569	-7 569	0	0	5 631	5 631
Summa effekt kortfristiga skulder		**-7 569**			**5 631**	
Summa effekt eget kapital och skulder		**-17 157**			**15 817**	

The new stand--ard 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 third quarter and for the period January-September is presented in the table below.

Consolidated statement of comprehensive income - summary

	3 MONTHS JUL-SEP 2019 AFTER IFRS 16	3 MONTHS JUL-SEP 2019 IFRS 16 EFFECT	3 MONTHS JUL-SEP 2019 BEFORE IFRS 16	9 MONTHS JAN-SEP 2019 AFTER IFRS 16	9 MONTHS JAN-SEP 2019 IFRS 16 EFFECT	9 MONTHS JAN-SEP 2019 BEFORE IFRS 16
Operating income	103 147	0	103 147	298 601	0	298 601
Operating costs	-89 915	-1 926	-91 841	-267 607	-4 971	-272 578
Depreciations	-27 763	2 060	-25 703	-40 352	5 267	-35 085
Operating profit	**-14 531**	**134**	**-14 397**	**-9 358**	**296**	**-9 062**
Financial items	24 392	90	24 482	20 887	248	21 135
Profit/loss afer financial items	**9 861**	**224**	**10 085**	**11 529**	**544**	**12 073**
Tax	4 287	-49	4 238	1 626	-119	1 507
Net profi/loss	**14 148**	**175**	**14 323**	**13 155**	**425**	**13 580**
Profit/loss for the period is attributable to:						
Shareholders in the Parent Company	14 148	175	14 323	13 155	425	13 580

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 JUL-SEP	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)	7 408	2 503	11 846	11 137	6 226	5 397	7 526	7 461	0	0	0	0	33 006	26 498
Hardware, installation and other services	25 420	57 455	22 145	9 509	14 055	16 144	5 745	7 231	692	534	0	0	68 057	90 873
Internal income	301	71	0	0	181	342	1 042	0	2 173	1 515	-3 697	-1 928	0	0
Total income	**33 129**	**60 029**	**33 991**	**20 646**	**20 462**	**21 883**	**14 313**	**14 692**	**2 865**	**2 049**	**-3 697**	**-1 928**	**101 063**	**117 371**
EBITDA	**2 205**	**4 490**	**9 734**	**6 567**	**1 415**	**2 249**	**4 554**	**4 933**	**-4 676**	**-4 093**	**0**	**0**	**13 232**	**14 146**
EBITDA margin	*6,7%*	*7,5%*	*28,6%*	*31,8%*	*6,9%*	*10,3%*	*31,8%*	*33,6%*					*13,1%*	*12,1%*
Depreciation and amortisation	-549	-63	-1 840	-1 597	-893	-1 020	-792	-437	-24 074	-2 533	385	850	-27 763	-4 800
Operating profit	**1 656**	**4 427**	**7 894**	**4 970**	**522**	**1 229**	**3 762**	**4 496**	**-28 750**	**-6 626**	**385**	**850**	**-14 531**	**9 346**
Financial income													26 654	925
Financial expenses													-2 262	-1 221
Profit before tax	**1 656**	**4 427**	**7 894**	**4 970**	**522**	**1 229**	**3 762**	**4 496**	**-28 750**	**-6 626**	**385**	**850**	**9 861**	**9 050**

INTANGIBLE AND TANGIBLE ASSETS TSEK SEP	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	12 452	10 861	9 150	10 859	2 566	2 336	379 743	395 912	6 227	4 129	410 138	424 097
Tangible assets	3 198	132	7 360	4 372	6 298	1 195	3 715	1 246	5 830	1 197	0	0	26 401	8 142
Total intangible and tangible assets	**3 198**	**132**	**19 812**	**15 233**	**15 448**	**12 054**	**6 281**	**3 582**	**385 573**	**397 109**	**6 227**	**4 129**	**436 539**	**432 239**

TSEK JAN - SEP	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)	21 530	7 314	34 781	28 178	18 396	15 183	22 396	18 945	0	0	0	0	97 103	69 620
Hardware, installation and other services	57 885	75 969	58 760	45 679	58 833	54 232	17 876	26 614	1 356	1 050	0	0	194 710	203 544
Internal income	326	104	0	0	190	883	2 943	0	6 509	4 226	-9 968	-5 213	0	0
Total income	**79 741**	**83 387**	**93 541**	**73 857**	**77 419**	**70 298**	**43 215**	**45 559**	**7 865**	**5 276**	**-9 968**	**-5 213**	**291 813**	**273 164**
EBITDA	**112**	**2 895**	**24 147**	**21 031**	**11 837**	**7 086**	**10 390**	**12 806**	**-15 492**	**-11 759**	**0**	**0**	**30 994**	**32 059**
EBITDA margin	*0,1%*	*3,5%*	*25,8%*	*28,5%*	*15,3%*	*10,1%*	*24,0%*	*28,1%*					*10,6%*	*11,7%*
Depreciation and amortisation	-1 523	-189	-5 361	-4 636	-2 221	-2 188	-2 323	-1 244	-30 277	-7 095	1 353	1 773	-40 352	-13 579
Operating profit	**-1 411**	**2 706**	**18 786**	**16 395**	**9 616**	**4 898**	**8 067**	**11 562**	**-45 769**	**-18 854**	**1 353**	**1 773**	**-9 358**	**18 480**
Financial income													28 355	1 886
Financial expenses													-7 468	-9 121
Profit before tax	**-1 411**	**2 706**	**18 786**	**16 395**	**9 616**	**4 898**	**8 067**	**11 562**	**-45 769**	**-18 854**	**1 353**	**1 773**	**11 529**	**11 245**

INTANGIBLE AND TANGIBLE ASSETS TSEK SEP	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	12 452	10 861	9 150	10 859	2 566	2 336	379 743	395 912	6 227	4 129	410 138	424 097
Tangible assets	3 198	132	7 360	4 372	6 298	1 195	3 715	1 246	5 830	1 197	0	0	26 401	8 142
Total intangible and tangible assets	**3 198**	**132**	**19 812**	**15 233**	**15 448**	**12 054**	**6 281**	**3 582**	**385 573**	**397 109**	**6 227**	**4 129**	**436 539**	**432 239**

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

	2019-09-30	2018-09-30	2018-12-31
Financial ssets measured at amortized cost (Hold to Collect)			
Trade accounts receivable	85 249	88 457	79 957
Contract assets	7 658	15 297	16 771
Other financial receivables	130	0	274
Cash and cash equivalents	164 495	47 189	83 389
Financial assets	**257 532**	**150 943**	**180 392**
Financial liabilities			
Other financial liabilities valued at amortised cost			
Liabilities to credit institutions	15 199	130 701	156 696
Debenture loan	294 097	0	0
Leasing liability	17 583	0	0
Liabilities to related parties	216	207	461
Trade accounts payable	39 478	53 651	37 176
Financial liabilities measured at fair value			
Debt acquistion payment	0	11 044	0
Contingent considerations relating to acquisitions	20 738	77 421	65 111
Financial liabiltities	**387 311**	**273 024**	**259 444**

Contingent considerations	**Qyn**	**LiveQube**	**Webpro**	**Totalt**
Opening balance 2019-01-01	30 826	3 329	30 956	**65 111**
Exchange rate changes	779	181	1 680	**2 640**
Payment of contingent considerations	-20 876	0	0	**-20 876**
Assessment of contingent considerations	-10 729	-3 510	-11 898	**-26 137**
Closing balance 2019-06-30	**0**	**0**	**20 738**	**20 738**

	Qyn	**LiveQube**	**Webpro**	**Totalt**
Expected payment 2019	0	0	0	**0**
Expected payment 2020	0	0	20 738	**20 738**
Total expected payment	**0**	**0**	**20 738**	**20 738**

The liabilities are contingent considerations relating to acquisitions.

In 2019, a changed assessment has been made regarding the expected payment in 2020 of all the contingent considerations.

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.

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 amortisation of tangible and intangible noncurrent assets.	EBITDA is adjusted for items that affect comparability, so the company believes this is a useful indicator of results from operating activities.
EBITDA-margin	EBITDA in relation to net sales.	The EBITDA margin is adjusted for items that affect comparability, so the company believes this is a useful indicator of the margin from operating activities.
SaaS-revenues (recurring) *Previously named contracted services*	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)	JUL-SEP 2019	JUL-SEP 2018	JAN-SEP 2019	JAN-SEP 2019	ROLLING 12 MONTHS Q4 2018 - Q3 2019	JAN-DEC 2018
License income	26 017	21 085	76 404	52 463	103 906	79 965
Support and other contractual services	6 989	5 413	20 700	17 157	25 485	21 942
Total SaaS-revenues	**33 006**	**26 498**	**97 104**	**69 620**	**129 391**	**101 907**

ARR (ANNUAL RECURRING REVENUE)

(TSEK)	JUL-SEP 2019	JUL-SEP 2018	JAN-SEP 2019	JAN-SEP 2019	ROLLING 12 MONTHS Q4 2018 - Q3 2019	JAN-DEC 2018
SaaS-revenues last month in the quarter	11 319	9 050	11 319	9 050		10 819
Multiplied with 12 months	12	12	12	12		12
ARR (Annual recurring revenue)	**135 828**	**108 600**	**135 828**	**108 600**		**129 828**

Annual recurring revenue is not calculated on rolling 12 months as ARR is a forward-looking financial indicator, while rolling 12 months is reverse-going financial i

GROSS MARGIN

(TSEK)	JUL-SEP 2019	JUL-SEP 2018	JAN-SEP 2019	JAN-SEP 2019	ROLLING 12 MONTHS Q4 2018 - Q3 2019	JAN-DEC 2018
Net sales	101 063	117 371	291 813	273 164	422 750	404 101
Total income	**101 063**	**117 371**	**291 813**	**273 164**	**422 750**	**404 101**
Operating expenses						
Goods for resale	-49 704	-73 257	-139 150	-144 086	-214 485	-219 421
Gross profit	**51 359**	**44 114**	**152 663**	**129 078**	**208 265**	**184 680**
Gross margin (%)	**50,8**	**37,6**	**52,3**	**47,3**	**49,3**	**45,7**

EBITDA

(TSEK)	JUL-SEP 2019	JUL-SEP 2018	JAN-SEP 2019	JAN-SEP 2019	ROLLING 12 MONTHS 4 2018 - Q3 201	JAN-DEC 2018
Operating profit	-14 531	9 346	-9 358	18 480	1 713	29 551
Depreciation and amortisation	27 763	4 800	40 352	13 579	45 377	18 604
EBITDA	**13 232**	**14 146**	**30 994**	**32 059**	**47 090**	**48 155**
EBITDA-margin (%)	**13,1**	**12,1**	**10,6**	**11,7**	**11,1**	**11,9**

OPERATING MARGIN

(TSEK)	JUL-SEP 2019	JUL-SEP 2018	JAN-SEP 2019	JAN-SEP 2019	ROLLING 12 MONTHS 4 2018 - Q3 201	JAN-DEC 2018
Net sales	101 063	117 371	291 813	273 164	422 750	404 101
Operating profit	-14 531	9 346	-9 358	18 480	1 713	29 551
Operating margin (%)	-14,4	8,0	-3,2	6,8	0,4	7,3

EQUITY PER SHARE

	2019-09-30	2018-09-30	2018-12-31
Equity (TSEK)	271 000	261 700	271 458
Total ordinary shares at end of period	26 275 044	24 035 312	24 143 717
Equity per share (SEK)	10,31	10,89	11,24

EQUITY RATIO

	2019-09-30	2018-09-30	2018-12-31
Equity	271 000	261 700	271 458
Totalt assets	735 373	613 565	632 227
Equity ratio (%)	36,9	42,7	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