



Press release from Array AB Publ. Interim report, January-September 2000

Array's sliding background electrode attracts new customers although more time is needed for development.

Fuji-Xerox and Epson sign agreements to evaluate TonerJet®.

Matsushita selects the sliding background electrode but delays for three to six months a decision on productification.

Array raises its ownership interest in Imsys to 51.4% of the share capital and 41.9% of the votes.

Imsys introduces an improved version of its processor, which a leading mobile phone manufacturers is evaluating for future products.

Array Displays signs a licensing agreement with a world-leading manufacturer of public information displays that results in a lump-sum compensation and future royalties.

Operating expenses amounted to SEK 56.4 M (60.5). After revenue of SEK 8.3 M (22.4), the loss after financial items was SEK -55.5 M (-36.5), of which the share of the loss of the associated company Imsys amounted to SEK -10.5 M (-0.8).

ARRAY'S BUSINESS CONCEPT IN BRIEF

Array's business concept is to collaborate with manufacturers of office equipment to offer the market color prints from printers, copiers and faxes with TonerJet. Performance and cost will be comparable with that of monochrome products. Array's strategy is to exploit TonerJet by licensing the technology to manufacturers. The goal is to make TonerJet one of the leading print technologies in the global market for office equipment. The company's business concept also includes the development of other technologies with business or technological ties

to TonerJet. The wholly owned subsidiary Array Displays is further developing and selling dynamic information displays, while the associated company Imsys AB (51.4% owned) is marketing and further developing the NISC graphic and Java processor.

DEVELOPMENT DURING THE PERIOD

During the spring, Array's newly developed principle for the background electrode in TonerJet, called Multi Interlacing Control (MIC), was evaluated. With this

principle, dots are shot straight ahead onto the rotating background electrode rather than deflected electrostatically. The electrode, which rotates several revolutions per page, shifts sideways so that the dots are placed beside each other on the same horizontal line with a high degree of precision. The MIC principle for TonerJet is a direct print technology, which means that all the colors can be printed at the same time at high speed.

After comprehensive tests during the winter, Array built a prototype during the spring of 2000. The MIC prototype has now demonstrated significantly better print quality and lower sensitivity to climate changes and manufacturing tolerances. New print tests with the MIC prototype have been conducted and shown to customers in Japan. Based on these tests and the performance and cost structure that TonerJet offers, FujiXerox and Epson have signed agreements to evaluate TonerJet. Epson, a market leader in inkjet printers, is looking for a faster print technology. The agreement generates SEK 2.5 million in revenue for Array. FujiXerox is one of the world's leading manufacturers of copiers, printers and faxes. It is Array's hope that both Epson's and FujiXerox's evaluations will lead to licensing agreements next year.

Although Matsushita plans to use MIC in its future products, it has announced that it will not make a final decision on the next production stage for three to six months. Array's ultimate objective is to fully develop the MIC concept as soon

as possible in order to facilitate a productification decision. Matsushita is pursuing its TonerJet project on a full scale with the express objective of launching products as quickly as possible.

In January and September, Array acquired an additional 16.4% of the share capital in Imsys, giving it a total holding of 51.4% of the share capital and 41.9% of the votes. The efforts to strengthen Imsys' management and recruit additional employees for product development, sales and marketing are progressing. Leading manufacturers are evaluating the NISC processor for mobile applications. The processor was introduced at the Java One show in early June. Energy efficiency, high graphic performance and Java execution directly in the processor make NISC attractive to the rapidly growing market for mobile products with color displays and software written in Java.

During the period, Array Displays signed a licensing agreement with a world-leading manufacturer of public information systems, whereby Array Displays has granted the manufacturer exclusive rights to the TCD application Picsus for information displays in certain segments and geographic areas. The licensee, which wishes to remain anonymous, is paying a lump sum of SEK 4.5 M plus a royalty based on future sales revenues.

OPERATING REVENUES AND RESULTS

The period's operating revenues, which were generated primarily from the sale of licensing rights to

Göteborg, Sweden, October 30, 2000

Array AB Publ.

Board of Directors

We have reviewed this interim report and found no indications that it does not meet the requirements of the Swedish Stock Exchange Act or Swedish Annual Accounts Act.

Göteborg, October 30, 2000

Öhrlings PricewaterhouseCoopers AB, Lennart Bertheden, Authorized Public Accountant

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CONSOLIDATED INCOME STATEMENT (SEK M)	JAN-SEPT 2000	JAN-SEPT 1999	JAN-DEC 1999	OCT 1999 SEPT 2000
Net sales	8.3	22.4	22.5	8.4
Research and development expenses	-41.0	-43.5	-57.1	-54.6
Sales expenses	-9.6	-12.0	-16.5	14.1
Administrative expenses	-5.8	-5.0	-7.5	-8.3
Operating loss	-48.1	-38.1	-58.6	-68.6
Result from shares in associated companies	-10.5	-0.8	-2.1	-11.8
Net financial items	3.1	2.3	3.7	4.5
Loss after financial items	-55.5	-36.6	-57.0	-75.9
Taxes	-0.3	-1.1	-1.1	-0.3
Net loss for the period	-55.8	-37.7	-58.1	-76.2
Loss per share, SEK	-2.35	-1.73	-2.91	

CONSOLIDATED BALANCE SHEET (SEK M)	SEPT 30 2000	SEPT 30 1999	DEC 31 1999
Fixed assets			
Tangible	4.1	5.4	4.9
Financial	28.7	6.0	10.8
Current assets			
Current receivables	6.5	5.5	4.1
Cash and bank balances	74.1	61.7	119.3
Total assets	113.4	78.6	139.1
Shareholders' equity	101.6	68.8	128.7
Current liabilities			
Accounts payable	3.3	3.2	3.8
Other non-interest-bearing liabilities	8.5	6.6	6.6
Total shareholders' equity and liabilities	113.4	78.6	139.1

CASH FLOW ANALYSIS (SEK M)	JAN-SEPT 2000	JAN-SEPT 1999	JAN-DEC 1999	OCT 1999- SEPT 2000
Operating activities				
Loss after tax	-55.8	-37.7	-58.1	-76.2
Adjustments for non-cash items, etc.	12.1	2.4	4.4	14.1
Cash flow from operating activities before changes in working capital	-43.7	-35.3	-53.7	-62.1
Cash flow from changes in working capital	-0.9	-0.3	1.7	1.1
Cash flow from operating activities	-44.6	-35.6	-52.0	-61.0
Investing activities				
Acquisition of tangible fixed assets	-0.7	-1.4	-1.7	-1.0
Acquisition of financial fixed assets	-28.5	-6.8	-12.8	-34.5
Cash flow used for investing activities	-29.2	-8.2	-14.5	-35.5
Financing activities				
New share issues	28.7	7.0	87.3	109.0
Cash flow from financing activities	28.7	7.0	87.3	109.0
Cash flow for the period	-45.1	-36.8	20.8	12.5

DATA PER SHARE	SEPT 30 2000	SEPT 30 1999	DEC 31 1999
Average number of shares	23,725,386	19,256,526	19,988,092
Share price, SEK	38.1	31.9	53.0
Equity per share, SEK	4.28	3.54	5.48
Share price/adjusted equity, multiple	8.9	9.0	9.7
Equity/assets ratio, %	89.6	87.5	92.5