

Interim Report for Image Systems AB (publ) January-September 2016

Increased order bookings during the third quarter

Third Quarter 2016

- Major order from Moelven in the amount of MSEK 16.
- Business area Motion Analysis gets order of lesser value from Tesla Motors.
- Revenue amounted to MSEK 23.7 (29.8).
- The operating result before depreciation, amortisation and interest, EBITDA, amounted to MSEK –1.7 (1.8).
- The operating result amounted to MSEK –3.3 (0.2).
- The result after taxes amounted to MSEK –3.6 (–0.5).
- Earnings per share amounted to SEK –0.09 (–0.01).
- Order bookings amounted to MSEK 30.1 (18.0).
- The order backlog amounted to MSEK 40.2 (42.8).
- The gross margin was 65 (59) percent.

January-September 2016

- Revenue amounted to MSEK 77.9 (88.0).
- The operating result before depreciation, amortisation and interest, EBITDA, amounted to MSEK –4.1 (3.9).
- The operating result amounted to MSEK –8.9 (–0.9).
- The result after taxes amounted to MSEK –9.6 (–3.6).
- Earnings per share amounted to SEK –0.25 (–0.16).
- Order bookings amounted to MSEK 93.7 (103.0).
- The order backlog amounted to MSEK 40.2 (42.8).
- The gross margin was 68 (65) percent.

Events after the end of the period under review

- RemaSawco has received an order in the approximate amount of MSEK 4 from Vida Nössemark AB.

President's statement

Third quarter order bookings were considerably higher than in last year's third quarter. The improvement is in its entirety attributable to business area RemaSawco. Revenue for the period declined by MSEK 6 compared to the preceding year. The

revenue decline is largely attributable to lower order bookings during the prior four quarters.

The result (EBITDA) amounted to MSEK –1.7 (1.8). The lower result is attributable in its entirety to the lower level of revenue.

Image Systems is a Swedish high-technology company and a leading supplier of products and services in high resolution image processing. By continually challenging the market's concepts and instead offer new and more effective solutions, we help our customers to achieve greater success in their business. The Company caters to a large number of industries and operations are conducted in the two business areas RemaSawco and Motion Analysis. Image Systems has approximately 70 employees at offices in Linköping, Nyköping, Västerås and Sundsvall, as well as in Norway. In 2015 consolidated revenue amounted to MSEK 125. The Company's share is listed on Nasdaq Stockholm Stock Exchange Small Cap list and is traded under the symbol IS. For additional information, visit our website www.imagesystems.se

The declining willingness to invest seen among saw mills in our domestic market during the second quarter of 2015 and the first six months of 2016 improved slightly during for those of our customers who offer sawn timber in spruce. For those of our customers who saw pine the willingness to invest remains weak. The underlying reason is a gradual increase in market prices for sawn timber in pine during the year, whereas market prices for spruce products remain under pressure.

RemaSawco reports a sharp upturn in order bookings compared to the year before. The reason for the improvement is the large MSEK 16 order received from Moelven. It is gratifying the Moelven has entrusted RemaSawco with overall responsibility for this important project.

A major order in the amount of MSEK 4.7 was also received from Callans Trä AB. This order is for a complete RS-BoardScannerQ system.

RemaSawco reports third quarter revenue which is MSEK 6.8 lower than for the same year-ago period, and EBITDA which is MSEK 3.0 lower than for the preceding year. The main reason is lower order bookings during prior quarters.

Motion Analysis reports third quarter order bookings at the same level as last year. Motion Analysis reports higher third quarter revenue compared to the year before, MSEK 5.7 (4.3), and an improved EBITDA result of MSEK 1.5 (1.1).

For the period January-September Motion Analysis reports marginally increased sales and a lower EBITDA result. The lower result is directly attributable to increased emphasis on product development. A number of these product development projects were launched at several international conferences and events during the quarter.

Net revenue and results

Third quarter

Order bookings amounted to MSEK 30.1 (18.0) and the order backlog as of 30 September stood at MSEK 40.2 (42.8). Net revenue amounted to MSEK 23.7 (29.8).

The gross margin was 65 (59) percent. Much of the higher margin resulted from increased sales of software licences.

The operating result EBITDA amounted to MSEK -1.7 (1.8). Depreciation and amortization according to plan was charged to income in the amount of MSEK 1.6 (1.6), of which amortisation of consolidation surpluses accounted for MSEK 1.6 (1.6). The result after taxes was MSEK -3.6 (-0.5).

Revenue and operating result before depreciation and amortisation by business area are reported on page 6.

January-September

Order bookings amounted to MSEK 93.7 (103.0). The order backlog as of 30 September was MSEK 40.2 (42.8). Net revenue declined by MSEK 10, in part due to delayed order bookings, to MSEK 77.9 (88.0). The gross margin was 68 (65) percent. The slightly higher gross margin was due to a higher percentage of software sales.

The operating result EBITDA amounted to MSEK -4.1 (3.9). Depreciation and amortisation according to plan was charged to income in the amount of MSEK 4.8 (4.8), of which amortization of consolidation surpluses accounted for MSEK 4.8 (4.8). The result after taxes was MSEK -9.6 (-3.6). Revenue and operating result before depreciation and amortisation by business area are reported on page 6.

Capital expenditures and financial position

The Group's investments in non-current assets amounted to MSEK 3.3 (2.0), of which MSEK 2.8 refers to accumulated development expenses. Available cash and cash equivalents, including the unutilized portion of a committed credit facility, stood at MSEK 8.9 (19.0) as of 30 September 2016. The equity ratio as of 30 September stood at 61 (66) percent (66). The operative cash flow MSEK -2.3 (-10.5). In our opinion the operative cash flow will improve during the fourth quarter. The net debt to equity ratio was 0.2 (0.0).

Research and development

RemaSawco

Development of the new log optimization system entered its testing phase during the period. X-ray development was intensified and the RS-BoardScannerQ is close to acceptance in the North-American market for two species of wood (Green Doug Fir and White Fir). Further development of RS Strength-Grader for non-contact strength sorting is underway with the goal of adding further functionality during the second quarter of 2017.

Motion Analysis

Several new products were launched during the third quarter. Motion Analysis has further developed its product offering analysis software "Digital Image Correlation", DIC, and has launched analytical software for 3D measurement. DIC is aimed primarily at customers in need of being able to perform non-contact measurement of how materials react to loads, such as surface tension on an aircraft wing under stress. Motion Analysis has also entered into an OEM contract with Artec 3D in Luxemburg, according to which Motion Analysis will integrate 3D-scanners in its product offer in an effort to improve visualization and data collection. The co-operation is primarily aimed at customers in market segments "Automotive" and "Defence".

Parent Company

The Parent Company's net revenue amounted to MSEK 0.2 (0.7) and the result after taxes amounted to MSEK -6.2 (-7.7). Capital expenditures in non-current assets amounted to MSEK 0.0 (0.0). The Parent Company's available cash and cash equivalents as of 30 September 2016 amounted to MSEK 0.1 (1.7).

The Parent Company's equity was MSEK 54.1 as of 30 September 2106 (31.0) and the equity ratio was 79 (66) percent.

Related-party transactions

Remaining owner loans amounted to MSEK 1.1 as of 30 September 2016 and fall due on 31 December 2016. Instalments and interest are paid quarterly.

Election committee

The following persons have been appointed to constitute an election committee in preparation for the 2017 Annual General Meeting: Hans Karlsson (Chairman) representing Tibia Konsult AB, Peter Ragnarsson representing LMK Forward AB and Thomas Wernhoff representing his own holding.

Annual General Meeting

The Annual General Meeting will be held at 2:00 p.m., 11 May 2017 at the Company's premises, Snickaregatan 40, Linköping.

Personnel

The average number of employees was 69 (67).

Number of shares outstanding

The number of shares outstanding as of 30 September 2016 was 38,231,922.

Events after this report

The break-through order on the North American market for RS-BoardScannerQ published on 31 March 2016 has been delivered to the customer and is operating in full-scale production.

RemaSawco has obtained an approximately MSEK order from Vida Nössemark AB. The order covers installation of a complete RS-BoardScannerQ system for quality-sorting of planed boards. And the newly developed product RS-StrengthGrader for non-contact strength grading. This product was certified by SP Technical Research Institute of Sweden earlier this year.

Scheduled delivery is during the summer of 2017. This means that RemaSawco takes the step into a new segment, further processing and planning mills.

Accounting policies

Image Systems applies International Financial Reporting Standards (IFRS) as adopted by EU. This Interim Report for the Image Systems Group has been compiled in accordance with IAS 34 Interim financial reporting and the Swedish Annual Accounts Act.

The new and amended standards to be applied from 1 January 2016 had no material impact on the Group's financial reports. In all other respects accounting policies and calculation methods are unchanged relative to those applied for the 2015 Annual Report.

The Interim Report for the Parent Company Image Systems AB is compiled in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board.

Starting with this Interim Report, Image Systems applies ESMA's (European Securities and Markets Authority) guidelines for alternative key financial indicators. Definitions of key financial indicators are found on page 7 and relevant reconciliations will be found on page 11.

Risks and uncertainty factors

The Group's principal risk and uncertainty factors include business risks associated with contracts with customers and suppliers, as well as other factors in the surrounding world, such as the risk of changes in foreign currency exchange rates.

A report of the Group's significant financial and business risks will be found in the Board of Director Report and under Note 3 in the Annual Report for 2015. In June 2016 the British voted to leave the EU (Brexit). This entails certain risks and uncertainty factors, especially for RemaSawco's Swedish sawmill customers. The effects of Brexit are still uncertain and it is therefore difficult to judge the effects thereof on Image Systems. No other significant risks are deemed to have emerged during the quarter.

Linköping, 9 November 2016

Peter Johansson
President & CEO

Reporting schedule:

<i>Year-end Report 2016</i>	<i>15 February 2017</i>
<i>Annual Report</i>	<i>April 2017</i>
<i>Interim Report January-March 2017</i>	<i>11 May 2017</i>
<i>Annual General Meeting</i>	<i>11 May 2017</i>

The information in this interim report is such that Image Systems AB is obliged to publish in accordance with EU's Market Abuse Regulation. The information herein was provided for publication at 8:30 a.m. (CET), 9 November 2016.

The interim reports will be available to the public at the Company's website www.imagesystems.se

Questions will be answered by:

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Klas Åström, CFO, telephone +46-13-200 100. e-mail klas.astrom@imagesystems.se

Review Report

To the Board of Directors of Image Systems AB (publ)

Corporate ID number: 556319-4041

Introduction

We have reviewed the summary financial interim information (Interim Report) for Image Systems AB (publ) as of 30 September 2015 and the nine-month period ending on that date. The Board of Director and the President and CEO are responsible for the preparation and presentation of this interim report 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.

Focus and scope of the review

We have conducted our review in accordance with the standard for review *International Standard on Review Engagements ISRE 2410 Review of the Interim Financial Information Performed by the Independent Auditors of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, performing an analytical examination and applying other review procedures. A review has a different focus and is substantially less in scope than an audit conducted according to ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute 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, in all material respects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, 9 November 2016

Deloitte AB

Richard Peters

Authorised Public Accountant

Summary Consolidated Income Statements

MSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Revenue	23.7	29.8	77.9	88.0	125.5
Raw materials and supplies	-8.4	-12.2	-24.8	-30.7	-42.6
Other external costs	-5.8	-4.5	-15.8	-13.3	-17.8
Personnel costs	-11.3	-10.9	-41.7	-39.8	-54.9
Depreciation and amortisation of and impairment charges against tangible non-current assets	-1.6	-1.6	-4.8	-4.8	-6.4
Other operating revenue	-	-	-	-	-
Other operating revenue/costs	0.1	-0.4	0.3	-0.3	-0.6
Operating result	-3.3	0.2	-8.9	-0.9	3.2
Net finance items	-0.3	-0.7	-0.7	-2.7	-2.9
Result before taxes	-3.6	-0.5	-9.6	-3.6	0.3
Taxes	-	-	-	-	-
Result for the period	-3.6	-0.5	-9.6	-3.6	0.3
Of which attributable to the Patent Company's equity holders	-3.6	-0.5	-9.6	-3.6	0.3
Earnings per share ¹⁾	-0.09	-0.01	-0.25	-0.16	0.01
Earnings per share after dilution ¹⁾	-0.09	-0.01	-0.25	-0.16	0.01
Average number of shares outstanding	38,231,922	38,231,922	38,231,922	21,893,494	25,978,101
Average number of shares outstanding, after dilution	38,231,922	38,231,922	38,231,922	21,893,494	25,978,101

Summary Consolidated Report of Comprehensive Result

Result for the period	-3.6	-0.5	-9.6	-3.6	0.3
Other comprehensive result					
Translation differences	0.1	0.1	0.1	0.1	-0.1
Taxes relating to other comprehensive result	-	-	-	-	-
Total other comprehensive result	0.1	0.1	0.1	0.1	-0.1
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-3.5	-0.4	-9.5	-3.5	0.2
Of which attributable to the Parent Company's shareholders	-3.5	-0.4	-9.5	-3.5	0.2

¹⁾ Calculated based on average number of shares outstanding.

Group	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Revenue by segment (business area)					
RemaSawco	18.0	24.8	60.6	70.5	100.3
Motion Analysis	5.7	4.3	17.1	16.8	24.3
Consolidation items and Parent Company	-	0.7	0.2	0.7	0.9
Total	23.7	29.8	77.9	88.0	125.5
EBITDA					
RemaSawco	-1.0	2.0	-2.2	3.7	9.2
Motion Analysis	1.5	1.1	4.1	5.9	7.1
Administrative consolidation items	-2.2	-1.3	-6.0	-5.7	-6.7
EBITDA total	-1.7	1.8	-4.1	3.9	9.6
Depreciation and amortisation of and impairment charges against tangible non-current assets	-1.6	-1.6	-4.8	-4.8	-6.4
Operating result	-3.3	0.2	-8.9	-0.9	3.2
Net finance items	-0.3	-0.6	-0.7	-2.7	-2.9
Result before taxes	-3.6	-0.4	-9.6	-3.6	0.3
Taxes	-	-	-	-	-
Result for the period	-3.6	-0.4	-9.6	-3.6	0.3

Summary Consolidated Balance Sheets

MSEK	30 Sep 2016	30 Sep 2015	31 December 2015
Non-current assets			
Intangible non-current assets	48.8	49.9	50.7
Tangible non-current assets	0.6	0.2	0.2
Financial non-current assets	0.0	5.0	0.0
Total non-current assets	49.4	55.1	50.9
Current assets			
Inventories	8.1	7.1	7.0
Trade receivables	22.7	19.9	27.2
Other short-term receivables	14.2	5.2	13.4
Cash and cash equivalents	0.5	9.0	3.1
Total current assets	45.5	41.2	50.7
TOTAL ASSETS	94.9	96.3	101.6
Equity (attributable in its entirety to the Parent Company's equity holders)	57.6	63.4	67.1
Long-term liabilities and provisions			
Other provisions	-	0.4	-
Total long-term liabilities and provisions	0.0	0.4	0.0
Current liabilities			
Loans from credit institutions	7.1	1.9	4.8
Debenture loan	1.8	5.6	4.5
Trade payables	12.4	7.7	6.7
Other current liabilities	16.0	17.3	18.5
Total current liabilities	37.3	32.5	34.5
TOTAL EQUITY AND LIABILITIES	94.9	96.3	101.6

Summary Report of Changes in Consolidated Equity

	30 Sep 2016	30 Sep 2015	31 Dec 2015
Opening equity according to the balance sheet	67.1	16.1	16.1
Result for the year	-9.6	-3.6	0.3
Other comprehensive result for the year	0.1	0.1	-0.1
Total comprehensive result for the period	-9.5	-3.5	0.2
New issue	-	50.8	50.8
Closing equity according to the balance sheet	57.6	63.4	67.1

Summary Consolidated Cash Flow Statement

MSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Cash flow from operating activities					
Before changes in working capital	-2.0	1.2	-4.7	1.8	7.7
Changes in working capital					
Increase (-)/Decrease (+) in inventories	-1.7	-0.5	-1.1	-1.2	-1.3
Increase (-)/Decrease (+) in receivables	5.0	12.3	3.6	3.6	-7.6
Increase (+)/Decrease (-) in current liabilities	-0.6	-6.6	3.2	-12.7	-12.4
Total changes in working capital	2.7	5.2	5.7	-10.3	-21.3
Cash flow from operating activities	0.7	6.4	1.0	-8.5	-13.6
Investment activities					
Acquisition of subsidiary	-	-	-	-0.3	-0.3
Acquisition of intangible non-current assets	-0.7	-1.6	-2.8	-1.6	-4.0
Acquisition of tangible non-current assets	-0.4	-0.1	-0.5	-0.1	-0.1
Cash flow from investment activities	-1.1	-1.7	-3.3	-2.0	-4.4
Operative cash flow	-0.4	4.7	-2.3	-10.5	-18.0
Financing activities					
New issue	-	-0.1	-	24.2	24.2
Increase (+) in loans	-	0.5	-	6.3	9.0
Decrease (-) in loans	-0.3	-12.0	-0.3	-12.2	-13.3
Cash flow from financing activities	-0.3	-11.6	-0.3	18.3	19.9
Cash flow for the period	-0.7	-6.9	-2.6	7.8	1.9
Cash and cash equivalents at beginning of period	1.2	15.9	3.1	1.2	1.2
Translation difference in cash and cash equivalents	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at end of period	0.5	9.0	0.5	9.0	3.1

Key Financial indicators

Group	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Order bookings, MSEK	30.1	18.0	93.7	103.0	120.0
Order backlog, MSEK	40.2	42.8	40.2	42.8	22.8
Gross margin, %	65	59	68	65	66
Operating margin, %	neg	0.7	neg	neg	2.5
Profit margin, %	neg	neg	neg	neg	0.2
Return on capital employed, %	neg	0.3	neg	neg	4.8
Return on equity, %	neg	neg	neg	neg	0.7
Equity ratio, %	61	66	61	66	66
Debt equity ratio	0.2	0.0	0.2	0.0	0.1
Net investment in non-current assets, MSEK	0.6	1.7	2.8	2.0	4.4
Depreciation and impairment of non-current assets, MSEK	1.6	1.6	4.8	4.8	6.4
Average number of employees.	67	65	69	67	66
Number of shares outstanding at end of period, million	38.23	38.23	38.23	38.23	38.23
Average number of shares outstanding at end of period, million	38.23	38.23	38.23	21.89	25.98
Earnings per share ¹⁾ , SEK	-0.09	-0.01	-0.25	-0.16	0.01
Cash flow per share ¹⁾ , SEK	-0.01	0.12	-0.06	-0.48	-0.47
Equity per share ²⁾ , SEK	1.51	1.66	1.51	1.66	1.75

¹⁾ Calculated based on average number of shares outstanding.

²⁾ Calculated based on number of shares outstanding at end of period.

Quarterly Survey

Group	2016			2015			2014			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Order bookings, MSEK	30.1	30.7	32.9	17.0	18.0	42.3	42.7	23.6	18.1	37.0
Revenue, MSEK	23.7	34.2	20.0	37.5	29.8	33.5	24.7	35.7	21.0	23.7
Gross margin, %	65	65	77	68	59	64	74	69	80	76
Operating result before depreciation, amortisation and interest (EBITDA), MSEK	-1.7	1.8	-4.2	5.7	1.8	1.8	0.3	5.4	1.3	-1.1
Operating result (EBIT), MSEK	-3.3	0.2	-5.8	4.1	0.2	0.2	-1.3	3.4	-0.2	-2.6
Operating margin, %	neg	0.6	neg	10.9	0.7	0.6	neg	9.5	neg	neg
Return on equity, %	neg	0.0	neg	6.0	neg	neg	neg	13.8	neg	neg
Equity ratio %	61	62	67	66	66	56	14	17	30	38
Earnings per share, SEK	-0.09	0.00	-0.16	0.10	-0.01	-0.02	-0.29	0.25	-0.27	-0.42
Cash flow per share, SEK	-0.01	-0.06	0.02	-0.20	0.12	-0.60	-0.46	0.00	0.01	-1.78
Equity per share, SEK	1.51	1.60	1.60	1.75	1.66	1.67	1.51	1.81	3.62	5.57
Average number of shares outstanding, million	38.23	38.23	38.23	38.23	38.23	18.62	8.82	8.82	8.82	8.82

Definitions

Performance measure

EBITDA

Operating result plus depreciation, amortisation and interest on tangible and intangible assets

Margins

Operating margin, %

Operating result relative to net revenue.

Profit margin, %

Result before taxes relative to net revenue.

Profitability

Return on average capital employed, %

Operating result, plus interest income, relative to average capital employed. Capital employed refers to balance sheet total, less non-interest-bearing liabilities.

Return on average equity, %

Result for the period relative to average equity.

Capital structure

Equity ratio, %

Equity at end of period relative to balance sheet total.

Debt equity ratio

Interest-bearing liabilities at end of period, less cash and cash equivalents, relative to equity.

Other

Net investments in non-current assets, MSEK

Net investments both in tangible and intangible non-current assets, as well as financial non-current assets during the period.

Direct costs for research and development, MSEK

Costs for research and development during the period.

Average number of employees

Average number of employees during the period.

Per-share data

Number of shares outstanding at end of period, million

Number of shares outstanding at end of period.

Average number of shares outstanding, million

Average number of shares outstanding during the period.

Earnings per share, SEK

Result after taxes, divided by average number of shares outstanding.

Cash flow per share, SEK

Operative cash flow divided by average number of shares outstanding.

Equity per share, SEK

Equity divided by the number of shares outstanding at the end of the period.

Summary Parent Company Income Statements

MSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Revenue	-	0.4	0.2	0.7	1.0
Raw materials and supplies	-	-0.4	-	-0.5	-0.5
Other external costs	-1.1	-0.7	-2.8	-2.2	-2.7
Personnel costs	-1.1	-0.7	-3.4	-3.5	-4.1
Other operating costs	-	-0.2	-	-0.3	-0.4
Operating result	-2.2	-1.6	-6.0	-5.8	-6.7
Dividends from Group companies	-	-	-	-	5.4
Net finance items	-0.0	-0.1	-0.2	-1.9	-2.1
Result before taxes	-2.2	-1.7	-6.2	-7.7	-3.4
Year-end allocations	-	-	-	-	25.0
Taxes	-	-	-	-	-
Result for the period	-2.2	-1.7	-6.2	-7.7	21.6

Summary Parent Company Report of Comprehensive Result

Result for the period	-2.2	-1.7	-6.2	-7.7	21.6
Other comprehensive result	-	-	-	-	-
Total comprehensive result	-	-	-	-	-
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-2.2	-1.7	-6.2	-7.7	21.6

Summary Parent Company Balance Sheets

MSEK	30 Sep 2016	30 Sep 2015	31 Dec 2015
Non-current assets			
Financial non-current assets	56.1	31.1	56.1
Total non-current assets	56.1	31.1	56.1
Current assets			
Trade receivables	0.2	0.8	0.1
Due from Group companies	6.2	12.2	7.2
Other short-term receivables	5.5	1.0	5.8
Cash and cash equivalents	0.1	1.7	0.3
Total current assets	12.0	15.7	13.4
TOTAL ASSETS	68.1	46.8	69.5
Equity	54.1	31.0	60.3
Current liabilities			
Loans from credit institutions	-	0.5	-
Debenture loan	1.5	5.6	4.8
Trade payables	0.7	0.5	0.6
Due to Group companies	9.4	5.4	0.7
Other current liabilities	2.4	3.8	3.1
Total current liabilities	14.0	15.8	9.2
TOTAL EQUITY AND LIABILITIES	68.1	46.8	69.5

Summary Report of Changes in Parent Company Equity

MSEK	30 Sep 2016	30 Sep 2015	31 Dec 2015
Opening equity according to the balance sheet	60.3	-12.1	-12.1
Result for the year	-6.2	-7.7	21.6
Other comprehensive result for the year	-	-	-
Total comprehensive result	-6.2	-7.7	21.6
New issue	-	50.8	50.8
Closing equity according to the balance sheet	54.1	31.0	60.3

Summary Parent Company Cash Flow Statements

MSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Cash flow from operating activities					
Before change in working capital	-2.2	-1.1	-6.2	-7.6	-8.7
Change in working capital					
Increase (-)/Decrease (+) in receivables	0.6	0.7	0.2	1.9	2.7
Increase (+)/Decrease (-) in current liabilities	0.2	1.5	-0.6	-8.6	-9.0
Total change in working capital	0.8	2.2	-0.4	-6.7	-6.3
Cash flow from operating activities	-1.4	1.1	-6.6	-14.3	-15.0
Investment activities					
Decrease in financial non-current assets	-	-	-	0.2	0.2
Loans to/from subsidiaries	2.2	-8.0	9.8	-7.2	-6.6
Cash flow from investment activities	2.2	-8.0	9.8	-7.0	-6.4
Operative cash flow	0.8	-6.9	3.2	-21.3	-21.4
Financing activities					
New issue	-	-0.1	-	24.2	24.2
Increase (+) in loans	-	-	-	5.0	5.0
Decrease (-) in loans	-1.1	-4.2	-3.4	-6.3	-7.6
Cash flow from financing activities	-1.1	-4.3	-3.4	22.9	21.6
Cash flow for the period	-0.3	-11.2	-0.2	1.6	0.2
Cash and cash equivalents at beginning of period	0.4	12.9	0.3	0.1	0.1
Cash and cash equivalents at end of period	0.1	1.7	0.1	1.7	0.3

Relevant Reconciliation of Non-IFRS-based Key Financial Indicators Group

Alternative key financial indicators

In addition to key financial indicators compiled in accordance with IFRS, Image Systems presents key financial indicators not defined according to IFRS, such as EBITDA and Net liabilities.

These alternative key financial indicators are considered to be important indicators of result and performance for investors and other users of the interim report. These alternative key financial indicators should be seen as complements to, but not as substitutes for the financial information prepared in accordance with IFRS.

Image Systems' definitions of these measurements not defined in accordance with IFRS are described on page 9 under the heading Definitions.

These terms may be defined differently by other companies and are therefore not always comparable with similar measurements used by other companies.

EBITDA

Image Systems is of the opinion that EBITDA is a relevant measurement for investors in order to be able to understand the generation of results before investment in tangible and intangible non-current assets.

Net liabilities

Image Systems is of the opinion that Net liabilities is a relevant measurement for investors in order to understand the Group's liability structure.

Operating result before depreciation, amortisation and interest EBITDA

MSEK	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Full year 2015
Operating result	-3.3	0.2	-8.9	-0.9	3.2
Depreciation and amortisation of and impairment charges against tangible and intangible non-current assets	1.6	1.6	4.8	4.8	6.4
Operating result before depreciation, amortisation and interest EBITDA	-1.7	1.8	-4.1	3.9	9.6

Net liabilities

MSEK	30 Sep 2016	30 Sep 2015	31 Dec 2015
Cash and cash equivalents	0.5	9.0	3.1
Interest-bearing liabilities	8.9	7.5	9.3
Net liabilities	8.4	-1.5	6.2