

Year-end Report for Image Systems AB (publ) January-December 2016

Higher order bookings, increased revenue and improved results for the fourth quarter

Fourth quarter 2016

- Revenue amounted to MSEK 46.0 (37.5).
- The operating result before depreciation, amortisation and interest, EBITDA, amounted to MSEK 5.5 (5.7).
- The operating result amounted to MSEK 3.9 (4.1).
- The result after taxes amounted to MSEK 4.2 (3.9).
- Order bookings amounted to MSEK 33.9 (17.0).
- The gross margin was 59 (68) percent.
- Earnings per share before and after dilution amounted to SEK 0.11 (0.10).

January-December 2016

- Revenue amounted to MSEK 123.9 (125.5).
- The operating result before depreciation, amortisation and interest, EBITDA, amounted to MSEK 1.4 (9.6).
- The operating result amounted to MSEK –5.0 (3.2).
- The result after taxes amounted to MSEK –5.4 (0.3).
- Order bookings amounted to MSEK 127.6 (120.0).
- Order bookings amounted to MSEK 29.3 (22.8).
- The gross margin was 65 (66) percent.
- Earnings per share before and after dilution amounted to SEK –0.14 (0.01).

President's statement

Order bookings during the fourth quarter increased by 100 percent compared to the equivalent period one year ago and revenue increased by 23 percent. Revenue and results were at an all-time high for a single quarter.

The operating result was marginally lower at MSEK 3.9 (4.1) compared to the year before, due to one-time costs of MSEK 1.2 related to an aborted corporate acquisition. Excluding this, the fourth quarter was the Group's best ever.

We continue to search for interesting acquisitions to complement the Company's existing businesses.

After four quarters with contracting order bookings, it is gratifying to be able now to show two consecutive quarters with sharply growing order bookings compared to the same year-ago period.

For the full year 2016 order bookings increased by 6 percent and the order backlog increased by 28 percent. Revenue was slightly lower at MSEK 123.9 (125.5), mainly because of lower order bookings during the first half of the year.

The full-year result after taxes is negative at MSEK –5.4. The operative cash flow improved by MSEK 15.4 during 2016 to MSEK –2.6 (–18.0). We must continue our growth activities to achieve stable long-term profitability. We are continuing our efforts with intense development of our two business areas, RemaSawco and Motion Analysis. The financial situation is stable with a sound equity ratio and low indebtedness.

RemaSawco

RemaSawco recorded a strong quarter in terms of profitability with an EBITDA margin of over 17 percent, primarily because of a number of large

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 2016 consolidated revenue amounted to MSEK 124. 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

installations, but also because of a large number of supplemental and support transactions. The EBITDA result was 22 percent higher compared to the fourth quarter one year ago, MSEK 6.7 (5.5). Order bookings were considerably better than last year and increased by more than 100 percent. Revenue grew by over 30 percent compared to the year before, to MSEK 39.2 (29.8).

The cautious investment propensity seen among domestic sawmills during the second half of 2015 and the first half of 2016 eased during the second half of 2016 for those of our customers who offer sawn timber in spruce. For those of our customers who saw pine the picture is more heterogeneous. Sawmills who deliver bulk products suffered continuing challenges, while those with specialised production of componentry saw a favourable development.

RemaSawco received an order during the period under review for MSEK 8 from AriVislanda AB. The order comprises automation and power supply for a new high-performance saw line for Södra Wood's sawmill at Långasjö. The breadth of our offer, and especially the new log optimizer, were key factors for our being entrusted with delivering this important project.

The business area has also received a MSEK 4 order from Vida Nössemark AB, for delivery during the summer of 2017. The order is for installation of a complete RS-BoardScannerQ-system for quality sorting of planed boards as well as the newly developed product RS-StrengthGrader for non-contact strength grading as certified by SP Technical Research Institute of Sweden during 2016. This means that RemaSawco takes the step into a new segment, namely processing and planing mills.

RemaSawco has been appointed as industrial partner in a by Vinnova financed innovation project in an effort to make Sweden one of the world's leading countries in digitized industry. SP Technical Research Institute of Sweden is the leader of innovation project **The Smart Digital Sawmill** with industrial partners RemaSawco, Moelven and Schneider Electric. It is very gratifying to have been thus entrusted; additional evidence that our company is at the absolute forefront of technology.

Motion Analysis

Motion Analysis reports a sharp increase in order bookings, +66 percent, during the fourth quarter. Revenue was marginally lower than last year at MSEK 6.6 (7.5) while the EBITDA result was more than 40 percent higher, MSEK 1.7 (1.2), compared to the fourth quarter one year ago.

Demand in the markets where Motion Analysis is active increased during the year, both in terms of existing product offerings and new product launches made during the year.

During the fourth quarter the business area began selling of products launched during the third quarter. These products have been received with great interest by our existing customer base and also in new customer segments. Despite traditionally long lead times between launch and orders, the business area

has managed to consummate several deals in the new product areas.

The Asian market showed strength during the fourth quarter and accounts for a major portion of the increase in order bookings compared to the year before.

Financial information

Fourth quarter

Order bookings increased to MSEK 33.9 (17.0). The order backlog as of 31 December stood at MSEK 29.3 (22.8).

Revenue amounted to MSEK 46.0 (37.5). The gross margin declined to 59 (68) percent, largely because of a considerable volume of hardware purchased for a large project, which lowers the gross profit margin. Operating profit before depreciation, amortisation and impairment charges EBITDA amounted to MSEK 5.4 (5.7). Operating profit was burdened by costs in the amount of MSEK 1.2 incurred in connection with an aborted corporate acquisition.

Profit after taxes amounted to MSEK 4.2 (3.9). Revenue and operating profit before depreciation, amortization and impairment charges are reported by business area on page 5.

January-December

Order bookings amounted to MSEK 127.6 (120.0) and the order backlog as of 31 December to MSEK 29.3 (22.8).

Revenue amounted to MSEK 123.9 (125.5), z decrease by MSEK 1.6, compared to an increase in order bookings of MSEK 7.6.

The gross margin was 65 (66) percent. The lower gross margin is due to a changed product mix in RemaSawco, with a larger share of purchased hardware which makes for a lower gross margin.

Depreciation and amortisation according to plan burdened the result by MSEK 6.4 (6.4), of which amortisation of consolidation surpluses accounted for MSEK 6.3 (6.3).

Operating profit before depreciation, amortisation and impairment charges EBITDA amounted to MSEK 1.4 (9.6). Net finance items improved to MSEK -0.4 (-2.9) due to lower indebtedness after the new issue floated in May 2015. The previous owner loans have been repaid in their entirety. The result after taxes amounted to MSEK -5.4 (0.3). Revenue and operating profit before depreciation, amortization and impairment charges are reported by business area on page 5.

Capital expenditures and financial position

The Group's investment in non-current assets amounted to MSEK 4.4 (4.4), MSEK 3.8 of which refers to development projects in RemaSawco.

Available cash and cash equivalents, including the unutilized portion of a committed credit facility, stood at MSEK 7.9 (10.3) as of 31 December 2016. The operative cash flow improved by MSEK 15.4 during 2016 to MSEK -2.6 (-18.0). The equity ratio stood at 56 percent as of 31 December 2016 (66). The net debt to equity ratio was 0.1 (0.1).

Research and development

RemaSawco

RemaSawco's overarching development strategy is based on the following main areas: increased value yield for our customers, increased opportunities for integration with own products and the products of others, and with overriding systems, and improvement of the user environment, as well as increased simulation opportunities.

The following major development projects are progressing in accordance with this strategy:

- i) Further development of RS-StrengthGrader, for non-contact strength grading in all classes, for pine and spruce, is under way with one new release per quarter.
- ii) A new functionality has been added to the RS-EndSorter camera system to allow improved knot volume calculations, which is essential to increase sawmill yields.
- iii) Further development of the integration between products in timber sorting, saw lines and board handling.
- iv) Completion of new optimisation for timber sorters as well as saw lines, adapted to integrated optimisation.

Motion Analysis

During the fourth quarter Motion Analysis launched new releases of its flagship products, TrackEye and TEMA. Among other things, these new releases contain integration of high-resolution 3D models from a CAD as well as a 3D scanner in accordance with the OEM agreement with Artec 3D during the third quarter. The business area has also made further investments in in-depth analysis tools in the new product area of Digital Image Correlation.

A total of MSEK 3.8 (4.0) in development costs have been capitalised. Total capitalised development costs in the balance sheet amount to MSEK 7.8, the entire amount relating to RemaSawco.

Parent Company

The Parent Company's revenue amounted to MSEK 0.4 (1.0). The operating result was MSEK -8.9 (-6.7). External consultancy expenses in the amount of MSEK 1.2 relating to an aborted corporate acquisition have been charged to this result.

The result after taxes amounted to MSEK -5.5 (21.6). The Company has received a group contribution from Image Systems Nordic AB in the amount of MSEK 3.3, and from RemaSawco International AB in the amount of MSEK 0.3. Investments in non-current assets amounted to MSEK 0.0 (0.0). The Parent Company's available cash and cash equivalents amounted to 0.0 as of 31 December 2016 (0.3). The Parent Company's equity Amounted to MSEK 54.8 as of 31 December (60.3) and the equity ratio stood at 84 (87) percent.

Related-party transactions

The owner loans were repaid during the fourth quarter in accordance with previously agreed-upon terms and conditions.

Personnel

The average number of employees was 68 (67).

Share capital and number of shares outstanding

The share capital amounted to SEK 3,823,192.20 as of 31 December 2016. The number of shares outstanding as of 31 December 2016 was 38,231,922.

Dividend

The Board of Directors proposes that no dividend be paid for the 2016 financial year.

Annual General Meeting

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

Election committee

The election committee, consisting of Hans Karlsson, Peter Ragnarsson and Thomas Wernhoff, will submit its proposals well in advance of the Annual General Meeting.

Events after the period under review

No significant events have taken place after the end of the period under review.

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 8 and relevant reconciliations will be found on page 10.

Riskier 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.

This Year-end Report has not been subject to review by the Company's auditors.

Linköping, 15 February 2017

Board of Directors

Reporting schedule:

<i>The 2016 Annual Report will be available on the Company's website during</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>
<i>Interim Report April-June 2017</i>	<i>23 August 2017</i>
<i>Interim Report July-September 2017</i>	<i>27 October 2017</i>
<i>Year-end Report 2017</i>	<i>8 February 2018</i>

The information in this year-end 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), 15 February 2017.

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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Summary Consolidated Income Statements

MSEK	Note	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Revenue		46.0	37.5	123.9	125.5
Raw materials and supplies		-18.8	-11.9	-43.6	-42.6
Other external costs		-5.7	-4.5	-21.5	-17.8
Personnel costs		-15.9	-15.1	-57.6	-54.9
Depreciation and amortisation of and impairment charges against tangible non-current assets		-1.6	-1.6	-6.4	-6.4
Other operating revenue		-	-	0.2	-
Other operating costs		-0.1	-0.3	-	-0.6
Operating result		3.9	4.1	-5.0	3.2
Net finance items		0.3	-0.2	-0.4	-2.9
Result before taxes		4.2	3.9	-5.4	0.3
Taxes		-	-	-	-
Net result for the period		4.2	3.9	-5.4	0.3
Of which attributable to the Parent Company's shareholders		4.2	3.9	-5.4	0.3
Earnings per share ¹⁾		0.11	0.10	-0.14	0.01
Earnings per share after dilution ¹⁾		0.11	0.10	-0.14	0.01
Average number of shares outstanding		38,231,922	38,231,922	38,231,922	25,978,101
Average number of shares outstanding, after dilution		38,231,922	38,231,922	38,231,922	25,978,101

Summary Consolidated Report of Comprehensive Result

Net result for the period	4.2	3.9	-5.4	0.3
Other comprehensive result				
Items that may be reposted to the income statement				
Translation differences	0.0	-0.2	0.1	-0.1
Taxes attributable to items that may be reposted	-	-	-	-
Total other comprehensive result	0.0	-0.2	0.1	-0.1
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	4.2	3.7	-5.3	0.2
Of which attributable to the Parent Company's equity owners	4.2	3.7	-5.3	0.2

¹⁾ Calculated based on the average number of shares outstanding.

SEGMENT REPORTING

Group (continuing operations)	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Revenue and result by segment				
RemaSawco	39.2	29.8	99.8	100.3
Motion Analysis	6.6	7.5	23.7	24.3
Consolidation items and Parent Company	0.2	0.2	0.4	0.9
Total revenue	46.0	37.5	123.9	125.5
EBITDA				
RemaSawco	6.7	5.5	4.5	9.2
Motion Analysis	1.7	1.2	5.8	7.1
Administration and consolidation items	-2.9	-1.0	-8.9	-6.7
EBITDA Total	5.5	5.7	1.4	9.6
Depreciation and amortisation of and impairment charges against tangible non-current assets	-1.6	-1.6	-6.4	-6.4
Operating result	3.9	4.1	-5.0	3.2
Net finance items	0.3	-0.2	-0.4	-2.9
Result before taxes	4.2	3.9	-5.4	0.3
Taxes	-	-	-	-
Net result for the period	4.2	3.9	-5.4	0.3

Summary Consolidated Balance Sheets

MSEK	31 December 2016	31 December 2015
Non-current assets		
Intangible non-current assets	48.0	50.7
Tangible non-current assets	0.6	0.2
Financial non-current assets	0.0	0.0
Total non-current assets	48.6	50.9
Current assets		
Inventories	8.9	7.0
Trade receivables	28.7	27.2
Other short-term receivables	22.4	13.4
Cash and cash equivalents	1.1	3.1
Total current assets	61.1	50.7
TOTAL ASSETS	109.7	101.6
Equity (attributable in its entirety to the Parent Company's equity holders)	61.8	67.1
Current liabilities		
Loans from credit institutions	8.7	4.8
Debenture loan	-	4.5
Trade payables	20.9	6.7
Other current liabilities	18.3	18.5
Total current liabilities	47.9	34.5
TOTAL EQUITY AND LIABILITIES	109.7	101.6

Summary Report of Changes in Consolidated Equity

	Full year 2016	Full year 2015
Opening equity according to the balance sheet	67.1	16.1
Net result for the year	-5.4	0.3
Other comprehensive result for the period	0.1	-0.1
Total comprehensive result for the period	-5.3	0.2
New issue less issuing costs	-	50.8
Closing equity according to the balance sheet	61.8	67.1

Summary Consolidated Cash Flow Statements

MSEK	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Cash flow from operating activities before changes in working capital	5.8	5.9	1.1	7.7
Changes in working capital				
Increase (-)/Decrease (+) in inventories	-1.0	-0.1	-2.1	-1.3
Increase (-)/Decrease (+) in receivables	-14.7	-11.2	-11.1	-7.6
Increase (+)/Decrease (-) in current liabilities	10.7	0.3	13.9	-12.4
Total changes in working capital	-5.0	-11.0	0.7	-21.3
Cash flow from operating activities	0.8	-5.1	1.8	-13.6
Investment activities				
Acquisition of subsidiary	-	-	-	-0.3
Acquisition of intangible non-current assets	-1.0	-2.4	-3.8	-4.0
Acquisition of tangible non-current assets	-0.1	-	-0.6	-0.1
Changes in financial non-current assets	-	-	0.0	0.0
Cash flow from investment activities	-1.1	-2.4	-4.4	-4.4
Operative cash flow	-0.3	-7.5	-2.6	-18.0
Financing activities				
New issue	-	-	-	24.2
Increase (+) in loans	2.0	1.6	5.1	9.0
Decrease (-) in loans	-1.1	-	-4.5	-13.3
Cash flow from financing activities	0.9	1.6	0.6	19.9
Cash flow for the period	0.6	-5.9	-2.0	1.9
Cash and cash equivalents at beginning of period	0.5	9.0	3.1	1.2
Translation difference in cash and cash equivalents	0.0	0.0	0.0	0.0
Cash and cash equivalents at end of period	1.1	3.1	1.1	3.1

Key Financial Indicators

Group	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Order bookings, MSEK	33.9	17.0	127.6	120.0
Order backlog, MSEK	29.3	22.8	29.3	22.8
Gross margin, %	59	68	65	66
Operating margin, %	8.5	10.9	neg	2.5
Profit margin, %	9.1	10.4	neg	0.2
Return on capital employed, %	5.7	5.6	neg	4.8
Return on equity, %	6.7	6.0	neg	0.7
Equity ratio, %	56	66	56	66
Debt equity ratio	0.1	0.1	0.1	0.1
Net investment in non-current assets, MSEK	1.1	2.4	4.4	4.4
Depreciation and impairment of non-current assets, MSEK	1.6	1.6	6.4	6.4
Average number of employees	67	68	68	67
Number of shares outstanding at end of period, million	38.23	38.23	38.23	38.23
Average number of shares outstanding, million	38.23	38.23	38.23	26.0
Earnings per share ¹⁾ , SEK	0.11	0.10	-0.14	0.01
Cash flow per share ¹⁾ , SEK	-0.01	-0.20	-0.07	-0.47
Equity per share ²⁾ , SE	1.62	1.75	1.62	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	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Order bookings, MSEK	33.9	30.1	30.7	32.9	17.0	18.0	42.3	42.7	23.6	18.1
Revenue, MSEK	46.0	23.7	34.2	20.0	37.5	29.8	33.5	24.7	35.7	21.0
Gross margin, %	59	65	65	77	68	59	64	74	69	80
Operating result before depreciation, amortisation and interest (EBITDA), MSEK	5.5	-1.7	1.8	-4.2	5.7	1.8	1.8	0.3	5.4	1.3
Operating result (EBIT), MSEK	3.9	-3.3	0.2	-5.8	4.1	0.2	0.2	-1.3	3.4	-0.2
Operating margin, %	8.5	neg	0.6	neg	10.9	0.7	0.6	neg	9.5	neg
Return on equity, %	6.7	neg	0.0	neg	6.0	neg	neg	neg	13.8	neg
Equity ratio, %	56	61	62	67	66	66	56	14	17	30
Earnings per share, SE	0.11	-0.09	0.00	-0.16	0.10	-0.01	-0.02	-0.29	0.25	-0.27
Cash flow per share, SEK	-0.01	-0.01	-0.06	0.02	-0.20	0.12	-0.60	-0.46	0.00	0.01
Equity per share, SEK	1.61	1.50	1.59	1.59	1.75	1.66	1.67	1.51	1.81	3.62
Average number of shares outstanding, million	38.23	38.23	38.23	38.23	38.23	38.23	18.62	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.

Net 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	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Revenue	0.2	0.3	0.4	1.0
Raw materials and supplies	-	-	-	-0.5
Other external costs	-1.7	-0.5	-4.5	-2.7
Personnel costs	-1.4	-0.6	-4.8	-4.1
Other operating costs	-	-0.1	-	-0.4
Operating result	-2.9	-0.9	-8.9	-6.7
Result from Group company	-	5.4	-	5.4
Net finance items	-0.0	-0.2	-0.2	-2.1
Result before taxes	-2.9	4.3	-9.1	-3.4
Year-end appropriations	3.6	25.0	3.6	25.0
Taxes	-	-	-	-
Result for the period	0.7	29.3	-5.5	21.6

Summary Parent Company Report of Comprehensive Result

Result for the period	0.7	29.3	-5.5	21.6
Other comprehensive result	-	-	-	-
Total other comprehensive result	-	-	-	-
TOTAL COMPRESIVE RESULT FOR THE PERIOD	0.7	29.3	-5.5	21.6

Summary Parent Company Balance Sheets

MSEK	31 December 2016	31 December 2015
Non-current assets		
Financial non-current assets	56.1	56.1
Total non-current assets	56.1	56.1
Current assets		
Trade receivables	0.4	0.1
Due from Group companies	3.6	7.2
Other short-term receivables	5.4	5.8
Cash and cash equivalents	0.0	0.3
Total current assets	9.4	13.4
TOTAL ASSETS	65.5	69.5
Equity	54.8	60.3
Current liabilities		
Debenture loan	-	4.8
Due to Group companies	7.2	0.6
Trade payables	0.8	0.7
Other current liabilities	2.7	3.1
Total current liabilities	10.7	9.2
TOTAL EQUITY AND LIABILITIES	65.5	69.5

Summary Report of Changes in Parent Company equity

MSEK	31 December 2016	31 December 2015
Opening equity according to the balance sheet	60.3	-12.1
Result for the period	-5.5	21.6
Other comprehensive result for the period	-	-
Total comprehensive result for the period	-5.5	21.6
New issue less issuing costs	-	50.8
Closing equity according to the balance sheet	54.8	60.3

Summary Parent Company Cash Flow Statements

MSEK	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Cash flow from operating activities before changes in working capital	0.7	-1.1	-5.5	-8.7
Changes in working capital				
Increase (-)/Decrease (+) in receivables	-	0.8	0.2	2.7
Increase (+)/Decrease (-) current liabilities	-	-0.4	-0.6	-9.0
Total change in working capital	0.0	0.4	-0.4	-6.3
Cash flow from operating activities	0.7	-0.7	-5.9	-15.0
Investment activities				
Decrease in financial non-current assets	-	-	-	0.2
Loans from (+) /to (-) subsidiaries	0.3	0.6	10.1	-6.6
Cash flow from investment activities	0.3	0.6	10.1	-6.4
Operative cash flow	1.0	-0.1	4.2	-21.4
Financing activities				
New issue	-	-	-	24.2
Increase (+) in loans	-	-	-	5.0
Decrease (-) in loans	-1.1	-1.3	-4.5	-7.6
Cash flow from financing activities	-1.1	-1.3	-4.5	21.6
Cash flow for the period	-0.1	-1.4	-0.3	0.2
Cash and cash equivalents at beginning of period	0.1	1.7	0.3	0.1
Cash and cash equivalents at end of period	0.0	0.3	0.0	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	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Operating result	3.9	4.1	-5.0	3.2
Depreciation and amortisation of and impairment charges against tangible and intangible non-current assets	1.6	1.6	6.4	6.4
Operating profit before depreciation, amortisation and interest EBITDA	5.5	5.7	1.4	9.6

Net liabilities

MSEK	31 Dec 2016	31 Dec 2015
Cash and cash equivalents	1.1	3.1
Interest-bearing liabilities	8.7	9.3
Net liabilities	7.6	6.2