

Q2

JANUARY –
JUNE
2020

Interim report

Image Systems AB (publ)

JANUARI – JUNE 2020

B.U. Motion Analysis maintains its high margin **B.U. RemaSawco is impacted by corona but reduces costs**

Second quarter 2020

- Revenue amounted to MSEK 43.8 (51.4)
- EBITDA amounted to MSEK 2.3 (2.4)
- Operating profit amounted to MSEK -2.4 (-1.3)
- Result after taxes amounted to MSEK -1.7 (-2.2)
- Earnings per share amounted to SEK -0.02 (-0.02)
- Order intake amounted to MSEK 26.3 (43.3)
- Order backlog amounted to MSEK 45.9 (84.2)
- Gross margin amounted to 56 (66) percent

January – June 2020

- Revenue amounted to MSEK 87.9 (95.5)
- EBITDA amounted to MSEK 4.6 (3.3)
- Operating profit amounted to MSEK -4.6 (-4.2)
- Result after taxes amounted to MSEK -5.0 (-5.6)
- Earnings per share amounted to SEK -0.06 (-0.06)
- Order intake amounted to MSEK 64.8 (116.6)
- Order backlog amounted to MSEK 45.9 (84.2)
- Gross margin amounted to 58 (63) percent

A word from the CEO

We can see that the ongoing corona crisis has hampered the company's order intake and revenue in the first half of the year. Motion Analysis has been less impacted and maintains its high sales margin, and the global market is projected to remain stable. The impact on RemaSawco has been more severe, and the company has implemented a number of cost-saving measures, both by way of state aid and on its own initiative. In total, the group has achieved cost reductions of about 16 percent compared with the first half of the previous year and about 28 percent in Q2 compared with the previous year. The sawmills have been cautious about investing over the first half of the year. The underlying needs still remain, however, and we foresee that the market will take off during the fall. During the period, RemaSawco received an initial order regarding an RS-BoardScannerQ in Austria; this opens up new markets in southern Europe for the company's future sales.

Image Systems is a Swedish high-technology company and a leading supplier of products and services in high-resolution image processing. By challenging the market's concepts at all times, offering novel and more efficient solutions instead, we help our customers achieve greater success in their business. The company caters to a large number of industries around the world, and the operations are divided into two business units: RemaSawco and Motion Analysis. Image Systems has over 90 employees in offices in Sweden, Finland and Norway. In 2019, the Group's turnover was MSEK 212. The share is listed on NASDAQ Stockholm's Small Cap list and trades under the ticker IS. For more information, please visit our website www.imagesystemsgroup.se

Development in the second quarter

RemaSawco

Order intake has seen a considerable reduction during the period compared with the previous year, as a consequence of the sawmills' reluctance to engage in investments in the wake of the COVID-19 pandemic – but the underlying needs still remain, and we expect to see a return to more normal levels. The company acted swiftly and resolutely in the early stages of the corona pandemic, which has resulted in reduced costs in the second quarter compared with the previous year. The period has been intense as a number of major projects have been prepared for delivery over the summer months.

Motion Analysis

Order intake remains practically unchanged. The global exposure to institutional customers has served us well during the ongoing pandemic, and the business area maintains high margins on sales. Sales have comprised mostly TEMA and TrackEye licenses and support agreements. We have received a major order on TrackEye from China in the amount of MSEK 2.1.

Net sales and result

Second quarter

Order intake amounted to MSEK 26.3 (43.3) and the order backlog as of June 30 amounted to MSEK 45.9 (84.2). Net sales amounted to MSEK 43.8 (51.4). Gross margin amounted to 56 (66) percent. EBITDA amounted to MSEK 2.3 (2.4). Depreciation/amortization according to plan has been charged to the result in the amount of MSEK 4.7 (3.7), of which amortization on goodwill on consolidation such as brands and customer relations amounted to MSEK 2.6 (2.5). Tax costs amounted to MSEK 0.0 (0.2). Result after taxes amounted to MSEK -1.7 (-2.2).

Revenue and EBITDA per business unit is presented on page 5.

January – June 2020

Order intake amounted to MSEK 64.8 (116.6). Order backlog as of June 30 amounted to MSEK 45.9 (84.2). Net sales amounted to MSEK 87.9 (95.5). Gross margin amounted to 58 (63) percent and EBITDA amounted to MSEK 4.6 (3.3). Depreciation/amortization according to plan has been charged to the result in the amount of MSEK 9.2 (7.5), of which amortization on goodwill on consolidation amounted to MSEK 5.1 (5.1). Net financial items improved by MSEK 0.9 to MSEK -0.6 (-1.5) due to positive exchange rate differentials. Tax costs amounted to MSEK 0.2 (0.1). Result after taxes amounted to MSEK -5.0 (-5.6).

Revenue and EBITDA per business unit is presented on page 5.

Investments and financial position

The Group's investments in non-current assets amounted to MSEK 2.1 (4.2) of which MSEK 2.1 (3.2) is related to capitalized development projects. Available liquid funds including undrawn overdraft facilities amounted to MSEK 9.5 (9.3) as of June 30, 2020. The Company has obtained an additional credit facility of MSEK 15 to handle the additional consideration relating to RemaSawco Oy. The operational cash flow amounted to MSEK 4.4 (0.4). Solidity amounted to 56 (58) percent as of June 30, 2020. Net indebtedness amounted to 0.4 (0.3) times.

Research and development

RemaSawco

Two new releases were launched during the period. Our market-leading RS-BoardScannerQ has been adapted to new hardware, and several new features has been added. In addition, we have launched a release of the measuring unit RS-Con, a measuring tool in the sawline. Both of these products are essential components of the digital sawmill. Our X-ray-based product for survey and quality control of timber, the RS-LogProfiler, has been updated with new functionality and improved performance. We have over the period developed the first version of an AI-based software for log sorting and tested it successfully. This product is expected to increase the yield of sawmills in the future.

Motion Analysis

The quarter was characterized by instalments within customer-funded projects that improve the technical level of TrackEye. During the period, the annual release of TrackEye was launched, comprising a large number of new modules and enhancements. The Company has initiated new investments to improve the user experience and interface of all our software, which will have a positive impact on future releases for our customers. In addition, we have made further progress on the development of our future technology platform, where we have focused on finalizing the infrastructure before moving on to more product-oriented solutions.

The Parent Company

The Parent Company's net sales amounted to MSEK 2.1 (2.4) and result after taxes amounted to MSEK -2.3 (-3.6). Investments in fixed assets amounted to MSEK 0.0 (0.0). The Parent Company's available

liquid funds amounted to MSEK 0.2 (0.0) as of June 30, 2020. The Parent Company's equity amounted to MSEK 134.1 (117.9) as of June 30, 2020, and solidity amounted to 87 (77) percent.

Personnel

The average number of employees was 91 (96). The number of employees at the end of the period was 91.

Number of shares

The number of shares on June 30, 2020, amounted to 89,207,818.

Annual General Meeting

The Annual General Meeting was held on June 24 at the Company's premises in Linköping. The Annual General Meeting resolved to increase the number of board members to 6 (5) members. Anders Fransson, representative of the largest shareholder Tibia Konsult, was elected to the board as a new member. The rest of the board was reelected in full.

Accounting policies

Image Systems applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The interim report for the Image Systems Group is prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act. Disclosure in accordance with IAS 34, Interim Financial Reporting, is provided in notes as well as elsewhere in the interim report.

The interim report for the Parent Company, Image Systems AB, is prepared in accordance with the Swedish Annual Accounts Act as well as the Swedish Financial Reporting Board's recommendations RFR 2 Accounting for Legal Entities.

Image Systems applies the ESMA (European Securities and Markets Authority) Guidelines on Alternative Performance Measures. Definitions of indicators are provided on page 8 and relevant reconciliations on page 10.

Risks and uncertainties

The Group's significant risks and uncertainties include business risks related to agreements with customers and suppliers as well as other external factors such as currency fluctuations. The Group's significant financial and business-related risks are discussed at depth in the management report and under Note 3 in the 2019 Annual Report. The effects of the COVID-19 pandemic will have an impact on the order intake in the near future, and thus on the revenue for the latter part of 2020. The long-term effects are highly uncertain at the time of writing. Aside from the above, no significant new or changed risks or uncertainties have been identified during the quarter.

This interim report has not been reviewed by the Company's auditors.

The Board's assurance

The undersigned confirm that this half-yearly report provides a true and fair view of the Parent Company's and the Group's operations, position and performance, and describes material risks and uncertainties faced by the Parent Company and the companies belonging to the Group.

Linköping, August 21, 2020

The Board of Directors

Thomas Wernhoff
Chairman

Catharina Lagerstam
Director

Örjan Johansson
Director

Hans Malm
Director

Annika Ölme
Director

Anders Fransson
Director

Johan Friberg
CEO

Upcoming report dates:

Interim report July - September 2020
Year-end Report 2020

November 13, 2020
February 12, 2021

The information in this report is disclosed pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication through the agency of the contact persons set out below, on August 21, 2020, 08.00 a.m.

The financial reports will be made available to the public on the Company's website
<http://www.imagesystemsgroup.se>

Questions will be answered by:

Johan Friberg, CEO, telephone +46(0)13-200 100, e-mail johan.friberg@imagesystems.se

Image Systems AB, Snickaregatan 40, 582 26 Linköping, Sweden.
Corporate registration number 556319-4041.

Condensed consolidated income statement

MSEK	Apr-June 2020	Apr-June 2019	Jan-June 2020	Jan-June 2019	Full year 2019
Sales revenue	42.8	50.2	85.8	93.1	206.8
Capitalized development costs	1.0	1.2	2.1	2.4	4.9
Total revenue	43.8	51.4	87.9	95.5	211.7
Raw materials and consumables	-18.8	-17.7	-35.7	-35.3	-88.4
Other external charges	-5.0	-9.7	-11.2	-15.7	-31.2
Personnel costs	-17.4	-21.6	-36.4	-41.3	-78.4
Depreciation/amortization of fixed tangible and intangible assets	-4.7	-3.7	-9.2	-7.5	-17.0
Other operating income	-	-	-	0.1	-
Other operating costs	-0.3	-	-	-	-1.1
Operating profit	-2.4	-1.3	-4.6	-4.2	-4.4
Net financial items	0.7	-1.1	-0.6	-1.5	-2.3
Profit before tax	-1.7	-2.4	-5.2	-5.7	-6.7
Tax	-	0.2	0.2	0.1	-0.3
Profit/loss for the period	-1.7	-2.2	-5.0	-5.6	-7.0
Of which attributable to Parent Company shareholders	-1.7	-2.2	-5.0	-5.6	-7.0
Earnings per share ¹⁾	-0.02	-0.02	-0.06	-0.06	0.08
Diluted earnings per share ¹⁾	-0.02	-0.02	-0.06	-0.06	0.08
Average number of shares	89,207,818	89,207,818	89,207,818	89,207,818	89,207,818
Average number of shares after dilution	89,207,818	89,207,818	89,207,818	89,207,818	89,207,818

Condensed consolidated statement of comprehensive income

Profit/loss for the period	-1.7	-2.2	-5.0	-5.6	-7.0
Other comprehensive income					
Translation differences	-	-	0.1	0.1	0.3
Tax relating to other comprehensive income	-	-	-	-	-
Total other comprehensive income	0.0	0.0	0.1	0.1	0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-1.7	-2.2	-4.9	-5.5	-6.7
Of which attributable to Parent Company shareholders	-1.7	-2.2	-4.9	-5.5	-6.7

¹⁾ Calculated on the basis of average number of shares

The Group	Apr-June 2020	Apr-June 2019	Jan-June 2020	Jan-June 2019	Full year 2019
Revenue per segment (business area)					
RemaSawco	37.0	41.3	69.5	78.2	175.9
Motion Analysis	6.8	10.1	18.4	17.3	35.8
Parent Company & consolidated items	-	-	-	-	-
Total	43.8	51.4	87.9	95.5	211.7
EBITDA					
RemaSawco	1.1	-1.7	-1.3	-2.1	1.5
Motion Analysis	1.9	5.5	7.9	8.0	16.4
Parent Company & consolidated items	-0.7	-1.4	-2.0	-2.6	-5.3
EBITDA	2.3	2.4	4.6	3.3	12.6
Depreciation/amortization of fixed tangible and intangible assets	-4.7	-3.7	-9.2	-7.5	-17.0
Operating profit	-2.4	-1.3	-4.6	-4.2	-4.4
Net financial items	0.7	-1.1	-0.6	-1.5	-2.3
Profit before tax	-1.7	-2.4	-5.2	-5.7	-6.7
Tax	0.0	0.2	0.2	0.1	-0.3
Profit/loss for the period	-1.7	-2.2	-5.0	-5.6	-7.0

Condensed consolidated balance sheet

MSEK	June 30 2020	June 30 2019	Dec 31 2019
Non-current assets			
Goodwill	36.1	36.1	36.1
Customer relations	40.3	48.5	44.4
Brands	3.2	5.2	4.2
Capitalized development costs	24.9	26.6	23.8
Tangible fixed assets	23.2	16.2	26.2
Deferred tax assets	21.6	22.0	20.5
Total non-current assets	149.3	154.6	155.2
Current assets			
Inventories	11.3	9.9	10.4
Trade receivables	30.4	29.3	44.1
Other current receivables	31.4	34.3	24.4
Cash and cash equivalents	3.2	2.5	3.2
Total current assets	76.3	76.0	82.1
TOTAL ASSETS	225.6	230.6	237.3
Equity (attributable in full to Parent Company shareholders)	127.3	133.3	132.2
Non-current liabilities			
Provisions for contingent consideration	-	10.6	-
Lease liabilities	13.8	9.3	16.1
Deferred tax liabilities	7.5	8.1	7.8
Total non-current liabilities	21.3	28.0	23.9
Current liabilities			
Borrowings from credit institutions	17.2	10.7	19.2
Provisions for contingent consideration	16.2	5.8	16.2
Lease liabilities	3.3	3.1	3.2
Accounts payable	15.4	26.5	15.8
Other current liabilities	24.9	23.2	26.8
Total current liabilities	77.0	69.3	81.2
TOTAL EQUITY AND LIABILITIES	225.6	230.6	237.3

Condensed consolidated statement of changes in equity

	June 30 2020	June 30 2019	Full year 2019
Opening balance equity	132.2	138.9	138.9
Profit/loss for the period	-5.0	-5.7	-7.0
Other comprehensive income for the period	0.1	0.1	0.3
Total comprehensive income for the period	-4.9	-5.6	-6.7
Closing balance equity	127.3	133.3	132.2

Condensed consolidated cash flow statement

MSEK	Apr-June 2020	Apr-June 2019	Jan-June 2020	Jan-June 2019	Full year 2019
Cash flow from operating activities before change in working capital	1.6	1.8	2.5	2.4	11.6
Change in working capital					
Increase (-)/Decrease (+) in inventories	-0.7	1.2	-0.9	0.0	-0.5
Increase (-)/Decrease (+) in receivables	2.2	-9.0	7.3	-5.2	-5.2
Increase (+)/Decrease (-) in current liabilities	-0.6	-1.8	-2.4	7.4	-0.5
Total change in working capital	0.9	-9.6	4.0	2.2	-6.2
Cash flow from operating activities	2.5	-7.8	6.5	4.6	5.4
Investing activities					
Acquisition of Group companies	-	-	-	-	-5.8
Acquisition of intangible fixed assets	-1.0	-2.0	-2.1	-3.2	-4.3
Acquisition of tangible fixed assets	-	-1.0	-	-1.0	-5.5
Cash flow from investing activities	-1.0	-3.0	-2.1	-4.2	-15.6
Operating cash flow	1.5	-10.8	4.4	0.4	-10.2
Financing activities					
Increase (+) of borrowings	-	2.9	-	-	23.4
Decrease (-) of borrowings	-0.6	-	-4.4	-6.1	-18.2
Cash flow from financing activities	-0.6	2.9	-4.4	-6.1	5.2
Cash flow for the period	0.9	-7.9	0.0	-5.7	-5.0
Cash and cash equivalents at the beginning of the period	2.3	10.4	3.2	8.2	8.2
Exchange rate difference on cash and cash equivalents	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the end of the period	3.2	2.5	3.2	2.5	3.2

Indicators

Indicators	Apr-June	Apr-June	Jan-June	Jan-June	Full year
	2020	2019	2020	2019	2019
The Group					
Order intake, MSEK	26.3	43.3	64.8	116.6	211.0
Order backlog, MSEK	45.9	84.2	45.9	84.2	64.0
Gross margin, %	56	66	58	63	58
Operating margin, %	neg	neg	neg	neg	neg
Profit margin, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Solidity, %	56	58	56	58	56
Debt/equity ratio	0.4	0.3	0.4	0.3	0.4
Net investments in non-current assets, MSEK	1.0	3.0	2.1	4.2	15.6
Depreciation/amortization of fixed assets, MSEK	4.7	3.7	9.2	7.5	17.0
Average number of employees	91	98	91	96	95
Number of shares at the end of the period, millions	89.21	89.21	89.21	89.21	89.21
Average number of shares, millions	89.21	89.21	89.21	89.21	89.21
Earnings per share ¹⁾ , SEK	-0.02	-0.02	-0.06	-0.06	0.08
Cash flow per share ¹⁾ , SEK	0.02	-0.12	0.05	0.00	-0.11
Equity per share ²⁾ , SEK	1.43	1.50	1.43	1.50	1.48

¹⁾ Calculated on the basis of average number of shares

²⁾ Calculated on the basis of number of shares at the end of the period

Quarterly overview

The Group	2020			2019			2018			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake, MSEK	26.3	38.5	70.3	24.1	43.3	73.3	74.8	27.8	32.6	27.4
Order backlog, MSEK	45.9	58.1	64.0	54.5	84.2	98.5	65.8	40.8	59.0	44.3
Revenue, MSEK	43.8	44.1	54.9	61.3	51.4	44.1	48.2	46.3	44.0	22.3
Gross margin, %	56	62	58	51	66	60	59	63	59	83
EBITDA, MSEK	2.3	2.3	2.6	6.7	2.4	0.9	1.8	5.6	2.5*	-1.5
Operating profit (EBIT), MSEK	-2.4	-2.2	-1.9	1.7	-1.3	-2.9	-1.1	2.2	0.4*	-3.4
Operating margin, %	neg	neg	neg	2.4	neg	neg	neg	4.8	0.9	neg
Return on equity, %	neg	neg	neg	1.1	neg	neg	neg	0.6	neg	neg
Solidity, %	56	57	56	55	58	57	62	34	33	67
Earnings per share, SEK	-0.02	-0.04	-0.03	0.02	-0.02	-0.04	0.17	0.01	-0.03	-0.09
Cash flow per share, SEK	0.02	0.03	0.07	-0.18	-0.12	0.12	-0.18	-0.24	-0.87	-0.06
Equity per share, SEK	1.43	1.45	1.48	1.52	1.50	1.52	1.56	1.82	1.83	1.84
Average number of shares, millions	89.21	89.21	89.21	89.21	89.21	89.21	55.22	38.23	38.23	38.23

* including acquisition costs in the amount of MSEK 1.8

Definitions

Income measures

EBITDA

Operating profit plus depreciation/amortization on tangible and intangible assets

Margins

Operating margin, %

Operating profit in relation to net sales.

Profit margin, %

Profit before tax in relation to net sales.

Return

Return on average capital employed, %

Operating profit plus interest income in relation to average capital employed.

Capital employed comprises the balance sheet total less non-interest-bearing liabilities.

Return on average equity, %

Profit/loss for the period in relation to average equity.

Capital structure

Solidity, %

Equity at the end of the period in relation to the balance sheet total.

Debt/equity ratio, times

Interest-bearing liabilities at the end of the period minus cash and cash equivalents in relation to equity.

Net debt, MSEK

Interest-bearing liabilities minus cash and cash equivalents

Other

Net investments in non-current assets, MSEK

Net investments in both intangible and tangible assets as well as financial assets during the period.

Average number of employees

Average number of employees during the period

Data per share

Number of shares at the end of the period, in millions

Number of shares outstanding at the end of the period.

Average number of shares, millions

Average number of shares during the period.

Earnings per share, SEK

Result after taxes divided by the average number of shares.

Cash flow per share, SEK

Operating cash flow divided by the average number of shares.

Equity per share, SEK

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

Parent Company's condensed income statement

MSEK	Apr-June 2020	Apr-June 2019	Jan-June 2020	Jan-June 2019	Full year 2019
Revenue	1.1	1.2	2.1	2.4	4.9
Other external charges	-0.6	-1.0	-1.7	-2.0	-2.9
Personnel costs	-1.3	-1.6	-2.5	-3.0	-7.2
Other operating income/costs	0.1	-	0.1	-	-
Operating profit	-0.7	-1.4	-2.0	-2.6	-5.2
Net financial items	0.6	-0.8	-0.3	-1.0	-0.8
Profit before tax	-0.1	-2.2	-2.3	-3.6	-6.0
End-of-year adjustments	-	-	-	-	25.0
Tax	-	-	-	-	-4.1
Profit/loss for the period	-0.1	-2.2	-2.3	-3.6	14.9

Parent Company's condensed statement of comprehensive income

Profit/loss for the period	-0.1	-2.2	-2.3	-3.6	14.9
Other comprehensive income	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-0.1	-2.2	-2.3	-3.6	14.9

Parent Company's condensed balance sheet

MSEK	June 30 2020	June 30 2019	Dec 31 2019
Non-current assets			
Shares in subsidiaries	122.1	122.1	122.1
Deferred tax assets	10.9	14.9	10.9
Total non-current assets	133.0	137.0	133.0
Current assets			
Trade receivables	0.3	-	-
Receivables from group companies	15.4	10.4	17.6
Other current receivables	4.6	4.7	4.4
Cash and bank balances	0.2	0.0	0.1
Total current assets	20.5	15.1	22.1
TOTAL ASSETS	153.5	152.2	155.1
Equity	134.1	117.9	136.4
Non-current liabilities			
Provisions for contingent consideration	-	10.6	-
Total non-current liabilities	-	10.6	-
Current liabilities			
Provisions for contingent consideration	16.2	5.8	16.1
Accounts payable	0.3	0.5	0.6
Liabilities to group companies	1.0	15.9	-
Other current receivables	1.9	1.5	2.0
Total current liabilities	19.4	23.7	18.7
TOTAL EQUITY AND LIABILITIES	153.5	152.2	155.1

Parent Company's condensed statement of changes in equity

MSEK	June 30 2020	June 30 2019	Dec 31 2019
Opening balance equity	136.4	121.5	121.5
Profit/loss for the period	-2.3	-3.6	14.9
Other comprehensive income for the period	-	-	-
Total comprehensive income	-2.3	-3.6	14.9
Closing balance equity	134.1	117.9	136.4

Parent Company's condensed cash flow statement

MSEK	Apr-June 2020	Apr-June 2019	Jan-June 2020	Jan-June 2019	Full year 2019
Cash flow from operating activities before change in working capital	-1.5	-1.7	-1.8	-2.5	-4.8
Change in working capital					
Increase (-)/Decrease (+) in receivables	0.5	-0.3	-1.1	-1.1	-1.1
Decrease (-) in current liabilities	-0.3	-0.9	-0.2	-1.1	-0.6
Total change in working capital	0.2	-1.2	-1.3	-2.2	-1.7
Cash flow from operating activities	-1.3	-2.9	-3.1	-4.7	-6.5
Investing activities					
Borrowings from (+) to (-) subsidiaries	1.5	6.7	3.2	3.2	5.1
Cash flow from investing activities	1.5	6.7	3.2	3.2	5.1
Operating cash flow	0.2	3.8	0.1	-1.5	-1.4
Financing activities					
Decrease (-) of borrowings	-	-5.8	-	-5.8	-5.8
Cash flow from financing activities	-	-5.8	-	-5.8	-5.8
Cash flow for the period	0.2	-2.0	0.1	-7.3	-7.2
Cash and cash equivalents at the beginning of the period	0.0	2.0	0.1	7.3	7.3
Cash and cash equivalents at the end of the period	0.2	0.0	0.2	0.0	0.1

Relevant reconciliations of non-IFRS indicators

The Group

Alternative indicators

In addition to the financial indicators that are prepared in accordance with the IFRS, Image Systems presents financial indicators outside the scope of the IFRS, such as EBITDA and Net debt.

These alternative indicators are considered to be important results and performance indicators for investors and other readers of the interim report; the alternative indicators should be regarded as complementary information and not as a substitute for the financial information presented pursuant to the IFRS.

Image Systems's definitions of these measures not defined by the IFRS are provided on page 8 under "Definitions". Other companies may use other definitions, and the measures may therefore not be comparable to similar indicators used by other companies.

EBITDA

Image Systems considers EBITDA to be a relevant measure for investors to be able to comprehend profit generation before investments in fixed tangible and intangible assets.

Net debt

Image Systems considers Net debt to be a relevant measure for investors to be able to comprehend the indebtedness of the Group.

Operating result before depreciation/amortization (EBITDA)

MSEK	Apr-June 2020	Apr-June 2019	Jan-June 2020	Jan-June 2019	Full year 2019
Operating profit	-2.4	-1.3	-4.6	-4.2	-4.4
Depreciation/amortization of fixed tangible and intangible assets	4.7	3.7	9.2	7.5	17.0
EBITDA	2.3	2.4	4.6	3.3	12.6

Net debt

MSEK	June 30 2020	June 30 2019	Dec 31 2019
Cash and cash equivalents	3.2	2.5	3.2
Provisions for contingent consideration	16.2	16.4	16.2
Lease liabilities	17.1	12.4	19.3
Interest-bearing liabilities	17.2	10.7	19.2
Net debt	47.3	37.0	51.5