

INTERIM REPORT

Image Systems AB (publ)

January–March 2023

Continued sales growth with maintained earnings

Image Systems reports a first quarter with sales growth in both business units and an EBITDA in line with the previous year. We are accelerating the rate of investment in product development in both business units thanks to an improved financial position.

First quarter January–March

- Order intake amounted to MSEK 31.4 (42.7).
- Net sales amounted to MSEK 38.3 (31.6).
- Gross margin amounted to 71 (70) percent.
- EBITDA amounted to MSEK 2.3 (2.2).
- Basic and diluted earnings per share amounted to SEK -0.07 (-0.04)

Q1

JANUARY–MARCH
2023

Financial overview

| | Jan– March 2023 | Jan– March 2022 | Full year 2022 |
|---|-----------------------|-----------------------|-------------------|
| Order intake, MSEK | 31.4 | 42.7 | 189.0 |
| Order backlog, MSEK | 74.9 | 83.6 | 81.9 |
| Net sales, MSEK | 38.3 | 31.6 | 171.1 |
| Capitalized development costs | 1.7 | 2.8 | 9.1 |
| Gross margin ⁽¹⁾ , % | 71 | 70 | 67 |
| EBITDA, MSEK | 2.3 | 2.2 | 28.4 |
| EBITDA margin, % | 5.8 | 6.4 | 15.8 |
| Operating profit (EBIT), MSEK | -4.6 | -3.1 | 9.1 |
| <i>Adjusted operating profit EBIT⁽²⁾, MSEK</i> | -2.3 | -3.1 | 9.1 |
| Profit after tax, MSEK | -6.0 | -3.3 | 8.6 |
| <i>Adjusted profit after tax⁽³⁾, MSEK</i> | -2.3 | -3.3 | 8.6 |
| Cash flow from operating activities, MSEK | -4.0 | 3.6 | 32.2 |
| Solidity, % | 62 | 58 | 63 |
| Average number of employees | 66 | 76 | 72 |
| Earnings per share | -0.07 | -0.04 | 0.10 |

⁽¹⁾ The definition of gross margin has changed from the last reporting date. The gross margin is calculated as net sales minus raw materials and consumables in relation to net sales.

⁽²⁾ The operating profit (EBIT) is affected by a one-off cost of MSEK 2.3.

⁽³⁾ The operating profit after taxes is affected by one-off costs of MSEK 3,7, where the operating profit is affected by MSEK 2,3 and the finance net by MSEK 1,4..

"For two consecutive quarters, the Group has delivered a rolling 12-month EBITDA margin that exceeds the long-term financial objective of 15 percent."



A WORD FROM THE CEO

The first quarter of 2023 is characterized by continued good development for the Group. Net sales increased by approximately 21 percent, with growth in both business units. EBITDA is in line with the previous year, while the EBITDA margin is slightly lower. We have increased the pace of product development, all according to the plan we communicated, and we can do this thanks to a strong year in 2022.

The Group's order intake is lower than in the previous year and is explained by the lower order intake for RemaSawco. For Motion Analysis, on the other hand, the market remains strong, and order intake has improved compared to the previous year.

The operating profit is negatively affected by a one-off item in the business unit RemaSawco for terminating an office in Finland to optimize the Finnish operations and reduce costs.

Challenges in the sawmill industry

Market conditions in the sawmill industry continued to be weak during the quarter, with lower demand for sawn wood products while raw material prices were high. Sawmills have therefore been cautious in their investment decisions, resulting in delays in order placement from our customers. However, the outlook for the industry remains good, and we expect a return to normal during the year.

The first quarter has historically been RemaSawco's weakest quarter. However, thanks to a good order

backlog, the business unit manages to achieve a sales growth of approximately 15 percent compared to the previous year while the profit margin grows. The organizational changes and streamlining of the product portfolio in the business unit are yielding results.

Continued growth in Motion Analysis

Motion Analysis sees continued strong demand for its product offering and delivers growth of just over 25 percent in both order intake and sales compared to the previous year. The lower profit margin is due to the increased pace of product development, which will continue to result in a higher cost base. We have received several orders in different application areas during the quarter, including a larger support contract to the US and a DIC system to Israel. Our presence with several sales offices in the Asian market has paid off during the quarter and accounted for almost half of the order intake for the business unit.

Efforts in product development

For two consecutive quarters, the Group has delivered a rolling 12-month EBITDA margin that exceeds the long-term financial objective of 15 percent and we have a solid order book. There are further areas for improvement within the Group and we see opportunities for an enhanced market outlook. This motivates continued efforts and we feel confident in our decisions to further accelerate product development in both business units. We have chosen to subcontract parts of this acceleration to external partners to improve the time-to-market for the Group's new products and to improve the organization's flexibility.

Johan Friberg, CEO and President

THE GROUP'S DEVELOPMENT IN THE FIRST QUARTER ORDER INTAKE, NET SALES, AND PROFIT

Order intake amounted to MSEK 31.4 (42.7). Order backlog as of March 31, 2023, amounted to MSEK 74.9 (83.6).

Net sales amounted to MSEK 38.3 (31.6). Capitalized development costs within the Group amounted to MSEK 1.7 (2.8).

Gross margin amounted to 71 (70) percent.

EBITDA amounted to MSEK 2.3 (2.2). Other external charges increased compared with the corresponding period last year, mainly attributable to the costs related to the increased pace of product development.

Depreciation/amortization amounted to MSEK -6.9 (-5.3), of which MSEK -2.3 is attributable to a one-off item for a write-down in connection with the termination of a rental contract for office and production premises in Finland. This termination is carried out in order to reduce rental costs in the RemaSawco business unit when parts of the operation are centralized to the head office in Linköping.

Net financial items amounted to MSEK -1.5 (-0.3). The change in net financial items is linked to a one-off item of MSEK -1.4 for a write-down of a receivable from Digital Vision relating to the purchase price established when the business unit was divested in 2014.

Result after taxes adjusted for one-off items amounted to MSEK -2.3 (-3.3). Result after taxes amounted to MSEK -6.0 (-3.3).

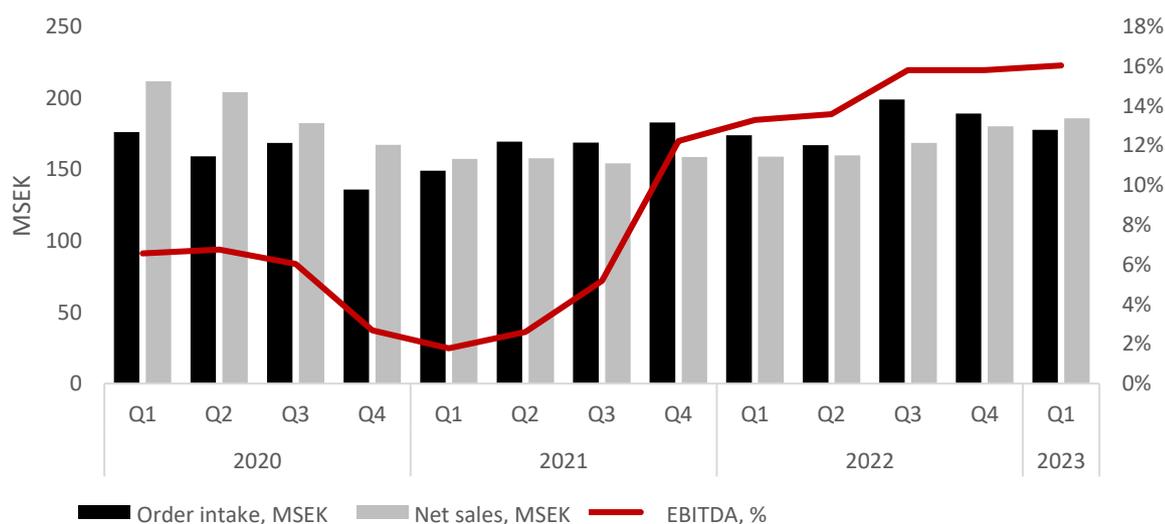
Financial position, investments, and cash flow

The Group's investments in non-current assets during the quarter amounted to MSEK 3.0 (3.0), of which MSEK 1.7 (2.8) is related to capitalized development projects. Capitalization of development projects takes place in both business units.

The operational cash flow during the quarter amounted to MSEK -7.0 (0.6). Solidity as of March 31, 2023, amounted to 62 (58) percent. Net indebtedness amounted to 0.0 (0.2) times.

Available liquid funds, including the undrawn part of the overdraft, facilities amounted to MSEK 30.4 (21.7) as of March 31, 2023.

The Group's performance, rolling 12 months



The Group has seen a positive trend in performance for several quarters, and for the second consecutive quarter, the Group delivers a rolling 12-month EBITDA margin exceeding the long-term target of 15 percent. To achieve the long-term objective, this level must persist over time. Therefore, we continue to improve our product range and organization.

REMASAWCO

RemaSawco supplies measurement and optimization systems for the sawmill industry. The product range, based on proprietary measuring products and software, addresses everything from timber intake, sorting, sawmill lines and board handling to modern automation solutions.



Performance in the first quarter

The first-quarter results are slightly better than the previous year, both in terms of net sales and EBITDA. The quarter has been characterized by a turbulent market where demand for sawn wood products has remained low while raw material prices have been high. RemaSawco's sales activities have been focused on major upgrade programs, resulting in a slightly longer business cycle. Combined with continued market turmoil, this has resulted in a lower order intake than the previous year.

Due to the weak development in the construction industry and the general economic situation, most sawmills are still reluctant to make any large investments. However, we expect demand to recover over the next few quarters gradually. We note that many of our customers in the Nordic region continue to implement upgrade projects and show strong interest in expanded and improved service offerings.

| MSEK | Jan–March 2023 | Jan– March 2022 | Full year 2022 |
|-------------------------------|-------------------|-----------------------|-------------------|
| Order intake, MSEK | 20.9 | 34.4 | 151.8 |
| Net sales, MSEK | 30.0 | 25.9 | 137.2 |
| Capitalized development costs | 0.8 | 1.2 | 4.7 |
| EBITDA, MSEK | 1.7 | 0.9 | 17.8 |
| EBITDA margin, % | 5.5 | 3.3 | 12.5 |

Product development

Basic development continued during the quarter in three main areas: harmonization of functionality, user interface, and product upgrades. The business unit maintains a high rate of investment in product development to create scalability and develop key capabilities for the digitalization and optimization of sawmills and their processes.

RemaSawco has developed improvements in the service offering that will be presented to customers from the second quarter of 2023. The Company has also focused on ensuring that the first delivery of the new X-ray inspection product RS-LogScanner3DX can be delivered and installed at the customer's premises during the third quarter.

MOTION ANALYSIS

Motion Analysis Systems offers its customers software for the analysis of high-speed film, a niche where the Company is the world leader. The software is sold under the product names TEMA and TrackEye. TEMA customers are predominantly found in the civil sector and TrackEye customers in defense-related testing and the aerospace industry.



Performance in the first quarter

Motion Analysis starts the year with good order intake and sales. The Asian market remains strong, accounting for about half of the order intake during the period. The business unit has also received important orders in various application areas from both the United States and Israel. The lower EBITDA margin for the first quarter compared to the previous year is due to an increased investment pace in new products. The business unit's strategy for growth is partly based on developing new product categories that can be sold to our existing customers, where Motion Analysis has a strong brand and a good position.

| MSEK | Jan–March 2023 | Jan– March 2022 | Full year 2022 |
|-------------------------------|-------------------|-----------------------|-------------------|
| Order intake, MSEK | 10.5 | 8.3 | 37.2 |
| Net sales, MSEK | 8.3 | 5.7 | 33.4 |
| Capitalized development costs | 0.9 | 1.6 | 4.9 |
| EBITDA, MSEK | 1.6 | 2.0 | 15.2 |
| EBITDA margin, % | 17.4 | 27.4 | 39.7 |

Product development

During the quarter, the business unit worked intensively on a series of customer-specific configurations of the TrackEye software for various defense customers, including in the US, Australia, and France. The product development work with the new platform has progressed, and new functionality was implemented in both DIC and 2D and 3D measurements. MotionCloud, the new cloud solution the Company is implementing in parallel, has now passed the first development phase and is undergoing validation.

OTHER INFORMATION

The Parent Company

The Parent Company's net sales for the first quarter amounted to MSEK 1.1 (1.0). Operating profit amounted to MSEK -1.0 (-0.7). Result after taxes amounted to MSEK -1.8 (0.7). Investments in fixed assets amounted to MSEK 0.0 (0.0). The Parent Company's available liquid funds, as of March 31, 2023, amounted to MSEK 0.1 (0.2). The Parent Company's equity as of March 31, 2023, amounted to MSEK 103.3 (138.9), and the solidity was 98 (93) percent.

Significant events after the period

There are no events to report.

Personnel

The average number of employees was 66 (76). The number of employees at the end of the period was 66.

Number of shares

The number of shares on March 31, 2023, amounted to 89,207,818.

Annual General Meeting

The Annual General Meeting will be held on May 4, 2023, at 14:00 at the Company's premises at Snickaregatan 40 in Linköping, Sweden. The 2022 Annual Report has been published and is available on the Company's website.

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 14, and relevant reconciliations on page 13.

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 2022 Annual Report. No significant new or changed risks or uncertainties have been identified during the quarter.

Audit

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

Financial Calendar

| | |
|------------------------------------|-------------------|
| Annual General Meeting 2023 | May 4, 2023 |
| Interim Report April–June 2023 | August 23, 2023 |
| Interim Report July–September 2023 | November 10, 2023 |
| Year-end Report 2023 | February 9, 2024 |

Long-term financial objectives

Image Systems aims to create long-term value growth for its shareholders. To achieve this, the Board of Directors has set long-term financial objectives:

EBITDA >15%

Solidity >50%

Dividend 20% of the profit after taxes

Linköping, May 4, 2023

*Johan Friberg
CEO*

The information in this report is disclosed pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 13:00 on May 4, 2023.

Financial reports are available on the Company's website <http://www.imagesystemsgroup.se>

Questions will be answered by:

Johan Friberg, CEO and President, 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

ABOUT US

Image Systems is a Swedish high-technology company that develops and markets software and systems in non-contact measurement technology. The operations are conducted in two business units, RemaSawco and Motion Analysis, with customers in a large number of industry segments worldwide. The Group has about 70 employees across Sweden, Finland and Norway and maintains sales offices in the United States, France, Israel and China. The head office is located in Linköping, Sweden. The share is listed on Nasdaq Stockholm's Small Cap list www.imagesystemsgroup.se

Condensed consolidated income statement

| MSEK | Jan–March 2023 | Jan–March 2022 | Full year 2022 |
|---|-------------------|-------------------|-------------------|
| Net sales | 38.3 | 31.6 | 171.1 |
| Capitalized development costs | 1.7 | 2.8 | 9.1 |
| Total | 40.0 | 34.4 | 180.2 |
| Raw materials and consumables | -11.1 | -9.4 | -56.4 |
| Other external charges | -9.3 | -5.7 | -26.5 |
| Personnel costs | -17.2 | -17.1 | -69.7 |
| Depreciation/amortization of fixed intangible and tangible assets | -6.9 | -5.3 | -19.3 |
| Other operating income | - | - | 0.8 |
| Other operating costs | -0.1 | 0.0 | - |
| Operating profit | -4.6 | -3.1 | 9.1 |
| Net financial items | -1.5 | -0.3 | -1.1 |
| Profit before tax | -6.1 | -3.4 | 8.0 |
| Tax | 0.1 | 0.1 | 0.6 |
| Profit for the period | -6.0 | -3.3 | 8.6 |
| Of which attributable to the Parent Company shareholders | -6.0 | -3.3 | 8.6 |
| Earnings per share ¹⁾ | -0.07 | -0.04 | 0.10 |
| Diluted earnings per share ¹⁾ | -0.07 | -0.04 | 0.10 |
| Average number of shares, thousands | 89,207.8 | 89,207.8 | 89,207.8 |
| Average number of shares after dilution, thousands | 89,207.8 | 89,207.8 | 89,207.8 |

1) Calculated on the basis of average number of shares

Condensed consolidated statement of comprehensive income

| MSEK | Jan–March 2023 | Jan–March 2022 | Full year 2022 |
|--|-------------------|-------------------|-------------------|
| Profit for the period | -6.0 | -3.3 | 8.6 |
| Other comprehensive income | | | |
| Translation differences | 0.3 | 0.0 | 0.3 |
| Tax attributable to items that may be reclassified to profit/loss for the year | | | |
| Total other comprehensive income | 0.3 | 0.0 | 0.3 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | -5.7 | -3.3 | 8.9 |
| Of which attributable to Parent Company shareholders | -5.7 | -3.3 | 8.9 |

Condensed consolidated balance sheet

| MSEK | March 31, 2023 | March 31, 2022 | Dec 31, 2022 |
|---|-------------------|-------------------|-----------------|
| Non-current assets | | | |
| Goodwill | 36.1 | 36.1 | 36.1 |
| Customer relations | 22.6 | 27.0 | 23.7 |
| Trademarks | 0.0 | 0.7 | 0.0 |
| Capitalized development costs | 34.9 | 32.7 | 35.1 |
| Tangible fixed assets | 1.3 | 4.4 | 3.7 |
| Right-of-use assets | 11.6 | 17.4 | 13.8 |
| Deferred tax assets | 19.1 | 19.1 | 19.1 |
| Total fixed assets | 125.6 | 137.4 | 131.5 |
| Current assets | | | |
| Inventories | 16.1 | 12.1 | 13.6 |
| Trade receivables | 23.3 | 27.6 | 20.1 |
| Other receivables | 6.2 | 8.3 | 7.0 |
| Cash and cash equivalents | 17.2 | 6.0 | 22.5 |
| Total current assets | 62.8 | 54.0 | 63.2 |
| TOTAL ASSETS | 188.4 | 191.4 | 194.7 |
| Equity (attributable in full to Parent Company shareholders) | 116.9 | 110.7 | 122.9 |
| Non-current liabilities | | | |
| Borrowings from credit institutions | 0.0 | 1.8 | 0.4 |
| Lease liabilities | 5.8 | 11.8 | 8.5 |
| Deferred tax liabilities | 5.9 | 6.5 | 6.0 |
| Total non-current liabilities | 11.7 | 20.1 | 14.9 |
| Current liabilities | | | |
| Borrowings from credit institutions | 7.3 | 4.5 | 5.0 |
| Trade payables | 14.8 | 16.5 | 12.6 |
| Lease liabilities | 5.2 | 5.2 | 4.9 |
| Other current payables | 32.5 | 34.4 | 34.4 |
| Total current liabilities | 59.8 | 60.6 | 56.9 |
| TOTAL EQUITY AND LIABILITIES | 188.4 | 191.4 | 194.7 |

Condensed consolidated statement of changes in equity

| MSEK | March 31, 2023 | March 31, 2022 | Full year 2022 |
|--|-------------------|-------------------|-------------------|
| Opening balance equity | 122.6 | 114.0 | 114.0 |
| Net profit for the year | -6.0 | -3.3 | 8.3 |
| Other comprehensive income for the period | 0.3 | 0.0 | 0.3 |
| Total comprehensive income for the period | -5.7 | -3.3 | 8.6 |
| Closing balance equity | 116.9 | 110.7 | 122.6 |

Condensed consolidated cash flow statement *

| MSEK | Jan–March 2023 | Jan–March 2022 | Full year 2022 |
|---|-------------------|-------------------|-------------------|
| Cash flow from operating activities before change in working capital | 0.6 | 1.9 | 27.4 |
| Change in working capital | | | |
| Change in inventories | -2.6 | -0.2 | -1.7 |
| Change in receivables | -2.4 | 1.8 | 10.4 |
| Change in current liabilities | 0.3 | 0.1 | -3.9 |
| Total change in working capital | -4.6 | 1.7 | 4.8 |
| Cash flow from operating activities | -4.0 | 3.6 | 32.2 |
| Investing activities | | | |
| Acquisition of intangible fixed assets | -1.7 | -2.8 | -9.8 |
| Acquisition of tangible fixed assets | -0.1 | - | - |
| Acquisition of right-of-use assets | -1.2 | -0.2 | -2.6 |
| Cash flow from investing activities | -3.0 | -3.0 | -12.4 |
| Operating cash flow | -7.0 | 0.6 | 19.8 |
| Financing activities | | | |
| Change in borrowings | 2.0 | -0.6 | -1.5 |
| Amortization of lease liabilities | -1.5 | -1.3 | -5.5 |
| Additional lease liabilities | 1.2 | 0.2 | 2.6 |
| Cash flow from financing activities | 1.7 | -1.7 | -4.4 |
| Cash flow for the period | -5.3 | -1.1 | 15.4 |
| Cash and cash equivalents at the beginning of the year | 22.5 | 7.1 | 7.1 |
| Exchange rate difference on cash and cash equivalents | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalents at the end of the year | 17.2 | 6.0 | 22.5 |

* Last year's reported figures are re-classified

Segment reporting

| MSEK | Jan–March 2023 | Jan–March 2022 | Full year 2022 |
|---|-------------------|-------------------|-------------------|
| Net sales and capitalized development costs | | | |
| RemaSawco | 30.8 | 27.1 | 141.9 |
| Motion Analysis | 9.2 | 7.3 | 38.3 |
| Parent Company & consolidated items | - | - | - |
| Total | 40.0 | 34.4 | 180.2 |
| EBITDA | | | |
| RemaSawco | 1.7 | 0.9 | 17.8 |
| Motion Analysis | 1.6 | 2.0 | 15.2 |
| Admin & consolidated items | -1.0 | -0.7 | -4.6 |
| EBITDA total | 2.3 | 2.2 | 28.4 |
| Depreciation/amortization of fixed tangible and intangible assets | -6.9 | -5.3 | -19.3 |
| Operating profit | -4.6 | -3.1 | 9.1 |
| Net financial items | -1.5 | -0.3 | -1.1 |
| Profit before tax | -6.1 | -3.4 | 8 |
| Tax | 0.1 | 0.1 | 0.6 |
| Profit for the period | -6.0 | -3.3 | 8.6 |

Key figures, Group

| | Jan–March 2023 | Jan–March 2022 | Full year 2022 |
|--|-------------------|-------------------|-------------------|
| Order intake, MSEK | 31.4 | 42.7 | 189.0 |
| Order backlog, MSEK | 74.9 | 83.6 | 81.9 |
| Gross margin, % | 71 | 70 | 67 |
| EBITDA, MSEK | 2.3 | 2.2 | 28.4 |
| EBITDA margin, % | 5.8 | 6.4 | 15.8 |
| Operating margin, % | neg | neg | 5 |
| Profit margin, % | neg | neg | 4.4 |
| Return on capital employed, % | neg | neg | 4.7 |
| Return on equity, % | neg | neg | 4.4 |
| Solidity, % | 62 | 58 | 63 |
| Debt/equity ratio | 0.0 | 0.2 | 0.0 |
| Net investments in non-current assets, MSEK | 3.0 | 3.0 | 12.4 |
| Depreciation/amortization of fixed assets, MSEK | 6.9 | 5.3 | 19.3 |
| Average number of employees | 66 | 76 | 72 |
| Number of shares at the end of the period, millions | 89.21 | 89.21 | 89.21 |
| Average number of shares, millions | 89.21 | 89.21 | 89.21 |
| Earnings per share calculated on the basis of average number of shares, SEK | -0.07 | -0.04 | 0.10 |
| Cash flow per share calculated on the basis of average number of shares, SEK | -0.08 | 0.01 | 0.22 |
| Equity per share calculated on the basis of number of shares at the end of the period, SEK | 1.31 | 1.24 | 0.0 |

| Quarterly overview, Group | Q2 20 | Q3 20 | Q4 20 | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | Q2 22 | Q3 22 | Q4 22 | Q1 23 |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Order intake, MSEK | 26.3 | 33.4 | 37.7 | 51.7 | 46.7 | 32.7 | 51.7 | 42.7 | 39.8 | 64.7 | 41.8 | 31.4 |
| Order backlog, MSEK | 45.9 | 41.0 | 39.0 | 60.4 | 62.4 | 60.3 | 72 | 83.6 | 82.7 | 96.8 | 81.9 | 74.9 |
| Net sales, MSEK | 42.8 | 38.5 | 38.4 | 32.1 | 42.6 | 34.9 | 42.6 | 31.6 | 42.4 | 43.1 | 54.0 | 38.3 |
| Capitalized development costs, MSEK | 1.0 | 1.0 | 1.4 | 2.2 | 1.5 | 1.2 | 1.6 | 2.8 | 2.6 | 1.8 | 1.9 | 1.7 |
| Gross margin, % | 56 | 62 | 63 | 70 | 59 | 74 | 70 | 70 | 64 | 71 | 64 | 71 |
| EBITDA, MSEK | 2.3 | 3.9 | -3.9 | 0.5 | 3.6 | 7.8 | 7.5 | 2.2 | 4.2 | 12.7 | 9.3 | 2.3 |
| EBITDA margin, % | 5% | 10% | -10% | 1% | 8% | 22% | 17% | 6% | 9% | 28% | 17% | 6% |
| Operating profit (EBIT), MSEK | -2.4 | 0.1 | -8.4 | -4.4 | -0.9 | 3.2 | 2.9 | -3.1 | -0.5 | 8.1 | 4.6 | -4.6 |
| EBIT margin, % | neg | 0 | neg | neg | neg | 8.9 | 6.6 | neg | neg | 18.0 | 8.2 | neg |
| Return on equity, % | neg | neg | neg | neg | neg | 2.9 | 2.5 | neg | neg | 6.8 | 3.7 | neg |
| Solidity, % | 56 | 59 | 59 | 57 | 54 | 60 | 58 | 58 | 55 | 59 | 63 | 62 |
| Earnings per share, SEK | -0.02 | 0.00 | -0.15 | -0.05 | -0.01 | 0.04 | 0.03 | -0.04 | -0.01 | 0.09 | 0.05 | -0.07 |
| Cash flow per share, SEK | 0.02 | 0.06 | -0.02 | -0.04 | -0.02 | 0.08 | 0.06 | 0.01 | 0.08 | 0.01 | 0.13 | -0.08 |
| Equity per share, SEK | 1.43 | 1.42 | 1.28 | 1.23 | 1.21 | 1.25 | 1.28 | 1.24 | 1.24 | 1.33 | 1.38 | 1.31 |
| Average number of shares, millions | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 |

Relevant reconciliations of non-IFRS Key Figures, 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 in accordance with IFRS.

Image Systems' definitions of these measures that are not defined by the IFRS are provided in the "Definitions" section of this report.

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 tangible and intangible fixed 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 | Jan–March 2023 | Jan–March 2022 | Full year 2022 |
|---|-------------------|-------------------|-------------------|
| Operating profit | -4.6 | -3.1 | 9.1 |
| Depreciation/amortization of fixed tangible and intangible assets | 6.9 | 5.3 | 19.3 |
| EBITDA | 2.3 | 2.2 | 28.4 |

Net debt

| MSEK | March 31, 2023 | March 31, 2022 | Dec 31, 2022 |
|------------------------------|-------------------|-------------------|-----------------|
| Cash and cash equivalents | 17.2 | 6.0 | 22.5 |
| Lease liability | 11.0 | 17.0 | 13.4 |
| Interest-bearing liabilities | 7.3 | 6.3 | 5.4 |
| Net debt | 1.1 | 17.3 | -3.7 |

Definitions

Income measures

EBITDA

Operating profit plus depreciation/amortization on tangible and intangible assets.

Margins

Gross margin, %

Net sales minus raw materials and consumables in relation to net sales.

Operating margin, %

Operating profit in relation to net sales and capitalized development costs.

Profit margin, %

Profit before tax in relation to net sales and capitalized development costs.

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 payable minus cash and cash equivalents.

Other

Net investments in non-current assets, MSEK

Net investments in both intangible and tangible fixed 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 | Jan– March 2023 | Jan– March 2022 | Full year 2022 |
|------------------------------|-----------------------|-----------------------|-------------------|
| Revenue | 1.1 | 1.0 | 3.9 |
| Other external charges | -1.2 | -1.0 | -4.9 |
| Personnel costs | -0.9 | -0.7 | -3.6 |
| Other operating costs | - | - | - |
| Operating profit | -1.0 | -0.7 | -4.6 |
| Net financial items | -0.8 | 0.0 | -50.4 |
| Profit before tax | -1.8 | -0.7 | -55.0 |
| Appropriations | - | - | 20.5 |
| Tax | - | - | - |
| Profit for the period | -1.8 | -0.7 | -34.5 |

Parent Company's condensed statement of comprehensive income

| MSEK | Jan– March 2023 | Jan– March 2022 | Full year 2022 |
|--|-----------------------|-----------------------|-------------------|
| Profit for the period | -1.8 | -0.7 | -34.5 |
| Other comprehensive income | - | - | - |
| Total other comprehensive income | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | -1.8 | -0.7 | -34.5 |

Parent Company's condensed balance sheet

| MSEK | Mar 31, 2023 | Mar 31, 2022 | Dec 31, 2022 |
|---|-----------------|-----------------|-----------------|
| Non-current assets | | | |
| Shares in subsidiaries | 82.8 | 131.2 | 82.8 |
| Deferred tax assets | 12.0 | 12.0 | 12.0 |
| Total fixed assets | 94.8 | 143.2 | 94.8 |
| Current assets | | | |
| Trade receivables | - | - | - |
| Receivables from Group companies | 8.0 | 1.4 | 8.8 |
| Other current receivables | 2.7 | 4.3 | 3.0 |
| Cash and cash equivalents | 0.1 | 0.2 | 0.3 |
| Total current assets | 10.8 | 5.9 | 12.1 |
| TOTAL ASSETS | 105.6 | 149.1 | 106.9 |
| Equity (attributable in full to Parent Company shareholders) | 103.3 | 138.9 | 105.1 |
| Current liabilities | | | |
| Trade payables | 1.1 | 0.8 | 0.6 |
| Liabilities to Group companies | - | 8.4 | - |
| Other current payables | 1.2 | 1.0 | 1.2 |
| Total current liabilities | 2.3 | 10.2 | 1.8 |
| TOTAL EQUITY AND LIABILITIES | 105.6 | 149.1 | 106.9 |

Parent Company's condensed statement of changes in equity

| MSEK | Jan– March 2023 | Jan– March 2022 | Full year 2022 |
|--|-----------------------|-----------------------|-------------------|
| Opening balance equity | 105.1 | 139.6 | 139.6 |
| Profit for the period | -1.8 | -0.7 | -34.5 |
| Other comprehensive income for the period | | | |
| Total comprehensive income for the period | -1.8 | -0.7 | -34.5 |
| Closing balance equity | 103.3 | 138.9 | 105.1 |

Parent Company's condensed cash flow statement

| MSEK | Jan– March 2023 | Jan– March 2022 | Full year 2022 |
|---|-----------------------|-----------------------|-------------------|
| Cash flow from operating activities before change in working capital | -1.9 | -0.7 | -5.1 |
| Change in working capital | | | |
| Change in receivables | 0.4 | -0.4 | 1.1 |
| Change in current liabilities | 0.5 | 0.0 | -0.1 |
| Total change in working capital | 0.9 | -0.4 | 1.0 |
| Cash flow from operating activities | -1.0 | -1.1 | -4.1 |
| Investing activities | | | |
| Change in borrowings to/from subsidiaries | 0.8 | 1.1 | 4.2 |
| Cash flow from investing activities | 0.8 | 1.1 | 4.2 |
| Operating cash flow | -0.2 | 0.0 | 0.1 |
| Financing activities | | | |
| Increase (+) of borrowings | - | - | - |
| Decrease (-) of borrowings | - | - | - |
| Cash flow from financing activities | 0.0 | 0.0 | 0.0 |
| Cash flow for the period | -0.2 | 0.0 | 0.1 |
| Cash and cash equivalents at the beginning of the period | 0.3 | 0.2 | 0.2 |
| Exchange rate difference on cash and cash equivalents | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalents at the end of the period | 0.1 | 0.2 | 0.3 |