

Interim Report for Image Systems AB (publ) January – September 2017

Increased revenue and a positive result during the third quarter

Third quarter 2017

- Revenue amounted to MSEK 29.7 (23.7).
- The operating result EBITDA amounted to MSEK 2.6 (–1.7).
- The operating result was MSEK 0.7 (–3.3).
- The result after taxes was MSEK 0.5 (–3.6).
- Earnings per share amounted to SEK 0.01 (–0.09).
- Order bookings amounted to MSEK 28.2 (30.1).
- The order backlog amounted to MSK 43.4 (40.2).
- The gross margin was 65 (65) percent.

January - September 2017

- Revenue amounted to MSEK 90.3 (77.9).
- The operating result EBITDA amounted to MSEK 1.5 (–4.1).
- The operating result was MSEK –4.0 (–8.9).
- The result after taxes was MSEK –4.4 (–9.6).
- Earnings per share amounted to SEK –0.12 (–0.25).
- Order bookings amounted to MSEK 100.8 (93.7).
- The order backlog amounted to MSK 43.4 (40.2).
- The gross margin was 65 (68) percent.

President's statement

Order bookings for the third quarter was at the same level as during the third quarter one year ago. Revenue for the period increased by MSEK 6 compared to the previous year. The result (EBITDA) improved to MSEK to 2.6 (–1.7).

The Group now shows a clearly improved result compared to the year before. Our work with continuous improvements, both in sales and in terms of costs, makes for a positive result on several fronts. The economic situation in both business areas is favourable and stable and we believe that there are prerequisites for further earnings improvements. The

program for group-wide costs savings continues to generate positive effects. Costs have been almost cut in half since last year.

RemaSawco

The business area had a strong quarter with several installations made during the summer months. This resulted in high sales and a significantly improved result. RemaSawco participated in a study during the period performed by Svenskt Trätekniskt Forum and RI.SE relating to automatic sorting systems. The results are a clear indication that automatic sorting is far superior to manual sorting and has a bright future.

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

Motion Analysis

Motion Analysis also had a strong quarter with both improved sales and a result on a par with last year's. The business area finds itself in and intense development phase with a view to strengthen its position in existing markets and capture new market shares in adjacent markets in the field of non-contact measurement technology. Sales in the DIC area are growing month by month and we now believe that Motion Analysis is among the leading systems in the world market.

Net revenue and result

Third quarter

Order bookings amounted to MSEK 28.2 (30.1) and the order backlog as of 30 September was MSEK 43.4 (40.2). Net revenue increased by 25 percent and amounted to MSEK 29.7 (23.7). The gross margin was 65 (65) percent. The operating result before depreciation and amortisation EBITDA amounted to MSEK 2.6 (-1.7). Depreciation and amortisation according to plan was charged to income in the amount of MSEK 1.9 (1.6), of which amortisation of consolidated surplus values amounted to MSEK 1.6 (1.6). The result after taxes amounted to MSEK 0.5 (-3.6). Revenue and operating result before depreciation, amortisation and impairment charges is reported by business area on page 5.

January – September

Order bookings amounted to MSEK 100.8 (93.7). The order backlog as of 30 September amounted to MSEK 43.4 (40.2). Net revenue increased by more than MSEK 12 and amounted to MSEK 90.3 (77.9).

The gross margin was 65 (68) percent. The slightly lower gross margin is explained by a higher proportion of hardware sales. The operating result before depreciation and amortisation EBITDA amounted to MSEK 1.5 (-4.1). Depreciation and amortisation according to plan was charged to income in the amount of MSEK 5.5 (4.8), of which amortisation of consolidated surplus values amounted to MSEK 4.7 (4.8). The result after taxes amounted to MSEK -4.4 (-9.6). Revenue and operating result before depreciation, amortization and impairment charges is reported by business area on page 5.

Capital expenditures and financial position

The Group's investments in non-current assets amounted to MSEK 4.8 (3.3) MSEK 4.0 (2.8) of which relates to capitalised development costs. Available cash and cash equivalents, including the unutilized portion of a committed credit facility, stood at MSEK 8.1 as of 30 September 2017 (8.9). During September the Parent Company raised a short-term bank loan in the amount of MSEK 10 million. The equity ratio as of 30 September 2017 stood at 56 (61) percent. The operative cash flow amounted to MSEK -9.8 (-2.3). In our judgment the operative cash flow will improve significantly during the fourth quarter. The net debt to equity ratio was 0.3 (0.2).

Research and development

RemaSawco

The new log optimisation system was put into operation with good results. RS-BoardscannerQ's

software with, among other things, new and more effective defect detection, and individual tracking from log to board has been implemented and put into operation. Tracking is also a part of the Digital Sawmill being developed in co-operation with RI.SE, Moelven and others. Xray is at the certification stage for new functionality. The certification of RS-Strengtgrader has been broadened.

Motion Analysis

During the period Motion Analysis intensified and concretised the work with the new technology platform in several ways. This is expected to yield significant performance improvements, initially mostly for products in the DIC category. As a part of a major project in user interface and ergonomics has also been implemented together with leading experts in the GUI/UX area. The outcome is new design and logics for future products. Before the year comes to an end the first commercial product using the new technology will be delivered to a customer. Several subsequent major customer projects are then lined up to be launched. Several new engineers have been hired and a new head of the development department has been appointed. The business area now has the largest development team ever in terms of number of associates.

Parent Company

The Parent Company's net revenue amounted to MSEK 2.0 (0.2) and the result after taxes was MSEK -4.3 (-6.2). Investments in non-current assets amounted to MSEK 0.0 (0.0). During September the Parent Company raised a short-term bank loan in the amount of MSEK 10. As of 30 September 2017 the Parent Company's available cash and cash equivalents amounted to MSEK 5.6 (0.1). The Parent Company's equity amounted to MSEK 50.5 as of 30 September 2017 (54.1) and the equity ratio was 68 (79) percent.

Election committee

The following were appointed to constitute an election committee for the 2018 Annual General Meeting; Hans Karlsson (Chairman) representing Tibia Konsult AB, Ingemar Andersson 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., 3 May 2018, at the Company's at Snickaregatan 40 in Linköping.

Personnel

The average number of employees was 68 (69).

Number of shares outstanding

The number of shares outstanding as of 30 September 2017 was 38, 231,922.

Events after the period under review

No significant events have occurred 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. Information pursuant to IAS 34 Interim Financial Reporting is provided in notes as well as elsewhere in the Interim Report.

The new and amended standards to be applied from 1 January 2017 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 2016 Annual Report.

The work of analysing the effects of IFRS 15 is almost complete. The effects thereof on the Company's financial reports will be limited.

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.

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 are found on page 10.

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 2016. No other significant new or changed risks were identified during the period.

Linköping, 24 October 2017

Johan Friberg
President & CEO

Reporting schedule:

<i>Year-end Report 2017</i>	<i>8 February 2018</i>
<i>Annual Report</i>	<i>April 2018</i>
<i>Interim Report January-March 2017</i>	<i>3 May 2018</i>
<i>Annual General Meeting</i>	<i>3 Maj 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 and the Swedish Securities Markets Act. The information herein was provided for publication at 8:30 a.m. (CET), 24 October 2017.

The interim reports will be to the available public at the Company's website <http://www.imagesystems.se>

Questions will be answered by:

Johan Friberg, VD, telephone +46-13-200 100, e-mail: johan.friberg@imagesystems.se
Klas Åström, CFO, telephone +46-13-200 100, e-mail: klas.astrom@imagesystems.se

Image Systems AB, Snickaregatan 40, SE-582 26 Linköping, SWEDEN. Corporate ID number 556319-4041.

Review Report

Auditor's report of review of financial summary interim information (Interim Report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act

Introduction

We have reviewed the summary financial interim information (Interim Report) for Image Systems AB (publ) as of 30 September 2017 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 International Standard on Review Engagements ISRE 2410 *Review of interim financial information performed by the Company's independent auditor*. 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, 24 October 2017
PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant

Summary Consolidated Income Statements

MSEK	July-Sep 2017	July-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Revenue	29.7	23.7	90.3	77.9	123.9
Raw materials and supplies	-10.5	-8.4	-31.7	-24.8	-43.6
Other external costs	-4.6	-5.8	-14.9	-15.8	-21.5
Personnel costs	-11.8	-11.3	-41.8	-41.7	-57.6
Depreciation and amortisation of and impairment charges against tangible non-current assets	-1.9	-1.6	-5.5	-4.8	-6.4
Other operating revenue	-	0.1	-	0.3	0.2
Other operating costs	-0.2	-	-0.4	-	-
Operating result	0.7	-3.3	-4.0	-8.9	-5.0
Net financial items	-0.2	-0.3	-0.4	-0.7	-0.4
Result before taxes	0.5	-3.6	-4.4	-9.6	-5.4
Taxes	-	-	-	-	-
Result before taxes	0.5	-3.6	-4.4	-9.6	-5.4
Of which attributable to the Parent Company's equity holders	0.5	-3.6	-4.4	-9.6	-5.4
Earnings per share ¹⁾	0.01	-0.09	-0.12	-0.25	-0.14
Earnings per share after dilution ¹⁾	0.01	-0.09	-0.12	-0.25	-0.14
Average number of shares outstanding	38,231,922	38,231,922	38,231,922	38,231,922	38,231,922
Average number of shares outstanding, after dilution	38,231,922	38,231,922	38,231,922	38,231,922	38,231,922

Summary Consolidated Report of Comprehensive Result

Result for the period	0.5	-3.6	-4.4	-9.6	-5.4
Other comprehensive result					
Translation differences	0.0	0.1	0.3	0.1	0.1
Taxes related to other comprehensive result	-	-	-	-	-
Total comprehensive result	0.0	0.1	0.3	0.1	0.1
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	0.5	-3.5	-4.1	-9.5	-5.3
Of which attributable to the Parent Company's equity holders	0.5	-3.5	-4.1	-9.5	-5.3

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

Group	July-Sep 2017	July-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Revenue by segment (business area)					
RemaSawco	23.2	18.0	71.9	60.6	99.8
Motion Analysis	6.5	5.7	18.4	17.1	23.7
Parent Company and consolidation items	-	-	-	0.2	0.4
Total	29.7	23.7	90.3	77.9	123.9
EBITDA					
RemaSawco	1.5	-1.0	1.2	-2.2	4.5
Motion Analysis	2.3	1.5	4.4	4.1	5.8
Parent Company and consolidation items	-1.2	-2.2	-4.1	-6.0	-8.9
EBITDA total	2.6	-1.7	1.5	-4.1	1.4
Depreciation and amortisation of and impairment charges against tangible non-current assets	-1.9	-1.6	-5.5	-4.8	-6.4
Operating result	0.7	-3.3	-4.0	-8.9	-5.0
Net finance items	-0.2	-0.3	-0.4	-0.7	-0.4
Result before taxes	0.5	-3.6	-4.4	-9.6	-5.4
Taxes	-	-	-	-	-
Result for the period	0.5	-3.6	-4.4	-9.6	-5.4

Summary Consolidated Balance Sheets

MSEK	30 Sep 2017	30 Sep 2016	31 Dec 2016
Non-current assets			
Intangible non-current assets	46.7	48.8	48.0
Tangible non-current assets	0.9	0.6	0.6
Total non-current assets	47.6	49.4	48.6
Current assets			
Inventories	7.7	8.1	8.9
Trade receivables	21.1	22.7	28.7
Other short-term receivables	20.3	14.2	22.4
Cash and cash equivalents	6.7	0.5	1.1
Total current assets	55.8	45.5	61.1
TOTAL ASSETS	103.4	94.9	109.7
Equity (attributable in its entirety to the Parent Company's equity holders)	57.7	57.6	61.8
Current liabilities			
Loans from credit institutions	14.1	7.1	8.7
Debenture loan	10.0	1.8	-
Trade payables	9.5	12.4	20.9
Other current liabilities	12.1	16.0	18.3
Total current liabilities	45.7	37.3	47.9
TOTAL EQUITY AND LIABILITIES	103.4	94.9	109.7

Summary Report of Changes in Consolidated Equity

	30 Sep 2017	30 Sep 2016	Full year 2016
Opening equity according to the balance sheet	61.8	67.1	67.1
Net result for the year	-4.4	-9.6	-5.4
Other comprehensive result for the year	0.3	0.1	0.1
Total comprehensive result for the period	-4.1	-9.5	-5.3
Closing equity according to the balance sheet	57.7	57.6	61.8

Summary Consolidated Cash Flow Statements

MSEK	July-Sep 2017	July-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Cash flow from operating activities before changes in working capital	2.7	-2.0	1.6	-4.7	1.1
Changes in working capital					
Increase (-) / Decrease (+) in inventories	-0.1	-1.7	1.2	-1.1	-2.1
Increase (-) / Decrease (+) in receivables	-1.5	5.0	9.5	3.6	-11.1
Increase (+) / Decrease (-) in current liabilities	-8.3	-0.6	-17.3	3.2	13.9
Total change in working capital	-9.9	2.7	-6.6	5.7	0.7
Cash flow from operating activities	-7.2	0.7	-5.0	1.0	1.8
Investment activities					
Acquisition of subsidiary	-	-	-0.3	-	-
Acquisition of intangible non-current assets	-1.0	-0.7	-4.0	-2.8	-3.8
Acquisition of tangible non-current assets	-	-0.4	-0.5	-0.5	-0.6
Cash flow from investment activities	-1.0	-1.1	-4.8	-3.3	-4.4
Operating cash flow	-8.2	-0.4	-9.8	-2.3	-2.6
Financing activities					
Increase (+) in loans	14.0	-	15.4	-	5.1
Decrease (-) in loans	-	-0.3	-	-0.3	-4.5
Cash flow from financing activities	14.0	-0.3	15.4	-0.3	0.6
Cash flow for the period	5.8	-0.7	5.6	-2.6	-2.0
Cash and cash equivalents at beginning of period	0.9	1.2	1.1	3.1	3.1
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	6.7	0.5	6.7	0.5	1.1

Key Financial Indicators

Group	July-Sep 2017	July-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Order bookings, MSEK	28.2	30.1	100.8	93.7	127.6
Order backlog, MSEK	43.4	40.2	43.4	40.2	29.3
Gross margin, %	65	65	65	68	65
Operating margin, %	2.4	neg	neg	neg	neg
Profit margin, %	1.7	neg	neg	neg	neg
Return on capital employed, %	0.9	neg	neg	neg	neg
Return on equity, %	0.9	neg	neg	neg	neg
Equity ratio, %	56	61	56	62	56
Debt equity ratio	0.3	0.2	0.3	0.2	0.1
Net investments in non-current assets, MSEK	1.0	0.6	4.9	2.8	4.4
Depreciation and impairment of non-current assets, MSEK	1.9	1.6	5.5	4.8	6.4
Average number of employees	69	67	68	69	68
Number of shares outstanding at end of period, million	38.23	38.23	38.23	38.23	38.23
Average number of shares outstanding, million	38.23	38.23	38.23	38.23	38.23
Earnings per share ¹⁾ , SEK	0.01	-0.09	-0.12	-0.25	-0.14
Cash flow per share ¹⁾ , SEK	-0.22	-0.01	-0.26	-0.06	-0.07
Equity per share ²⁾ , SEK	1.51	1.51	1.51	1.51	1.62

¹⁾ Calculated based on average number of shares outstanding.

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

Quarterly Survey

Group	2017				2016				2015	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Order bookings, MSEK	28.2	41.1	31.5	33.9	30.1	30.7	32.9	17.0	18.0	42.3
Revenue, MSEK	29.7	31.6	29.0	46.0	23.7	34.2	20.0	37.5	29.8	33.5
Gross margin, %	65	63	67	59	65	65	77	68	59	64
Operating result before depreciation, amortisation and interest (EBITDA), MSEK	2.6	-1.3	0.2	5.5	-1.7	1.8	-4.2	5.7	1.8	1.8
Operating result (EBIT), MSEK	0.7	-3.2	-1.5	3.9	-3.3	0.2	-5.8	4.1	0.2	0.2
Operating margin, %	2.4	neg	neg	8.5	neg	0.6	neg	10.9	0.7	0.6
Return on equity, %	0.9	neg	neg	6.7	neg	0.0	neg	6.0	neg	neg
Equity ratio, %	56	59	62	56	61	62	67	66	66	56
Earnings per share, SEK	0.01	-0.09	-0.04	0.11	-0.09	0.00	-0.16	0.10	-0.01	-0.02
Cash flow per share, SEK	-0.22	-0.07	0.03	-0.01	-0.01	-0.06	0.02	-0.20	0.12	-0.60
Equity per share, SEK	1.51	1.50	1.57	1.61	1.50	1.59	1.59	1.75	1.66	1.67
Average number of shares outstanding, million	38.23	38.23	38.23	38.23	38.23	38.23	38.23	38.23	38.23	18.62

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	July-Sep 2017	July-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Revenue	0.8	-	2.0	0.2	0.4
Other externa costs	-0.8	-1.1	-2.5	-2.8	-4.5
Personnel costs	-1.1	-1.1	-3.6	-3.4	-4.8
Operating result	-1.1	-2.2	-4.1	-6.0	-8.9
Net finance items	-0.2	-0.0	-0.2	-0.2	-0.2
Result before taxes	-1.3	-2.2	-4.3	-6.2	-9.1
Year-end appropriations	-	-	-	-	3.6
Taxes	-	-	-	-	-
Result for the period	-1.3	-2.2	-4.3	-6.2	-5.5

Summary Report of Parent Company Comprehensive Result

Result of the period	-1.3	-2.2	-4.3	-6.2	-5.5
Other comprehensive result	-	-	-	-	-
Total other comprehensive result	-	-	-	-	-
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-1.3	-2.2	-4.3	-6.2	-5.5

Summary Parent Company Balance Sheets

MSEK	30 Sep 2017	30 Sep 2016	31 Dec 2016
Non-current assets			
Financial non-current assets	56.1	56.1	56.1
Total non-current assets	56.1	56.1	56.1
Current assets			
Trade receivables	0.4	0.2	0.4
Due from Group companies	7.0	6.2	3.6
Other short-term receivables	5.1	5.5	5.4
Cash and cash equivalents	5.6	0.1	0.0
Total current assets	18.1	12.0	9.4
TOTAL ASSETS	74.2	68.1	65.5
Equity	50.5	54.1	54.8
Current liabilities			
Debenture loan	10.0	1.5	-
Trade payables	0.1	0.7	0.8
Due to Group companies	11.6	9.4	7.2
Other current liabilities	2.0	2.4	2.7
Total current liabilities	23.7	14.0	10.7
TOTAL EQUITY AND LIABILITIES	74.2	68.1	65.5

Summary Report of Changes in Parent Company Equity

MSEK	30 Sep 2017	30 Sep 2016	31 Dec 2016
Opening equity according to the balance sheet	54.8	60.3	60.3
Result for the year	-4.3	-6.2	-5.5
Other comprehensive result for the year	-	-	-
Total comprehensive result	-4.3	-6.2	-6.2
Closing equity according to the balance sheet	50.5	54.1	54.8

Summary Parent Company Cash Flow Statements

MSEK	July-Sep 2017	July-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Cash flow from operating activities before changes in working capital	-1.3	-2.2	-4.3	-6.2	-5.5
Change in working capital					
Increase (-) /Decrease (+) in receivables	0.7	0.6	0.3	0.2	0.2
Increase (+) /Decrease (-) in current liabilities	-0.5	0.2	-1.4	-0.6	-0.6
Total changes in working capital	0.2	0.8	-1.1	-0.4	-0.4
Cash flow from operating activities	-1.1	-1.4	-5.4	-6.6	-5.9
Investment activities					
Due from/to subsidiaries	-3.3	2.2	1.0	9.8	10.1
Cash flow from investment activities	-3.3	2.2	1.0	9.8	10.1
Operative cash flow	-4.4	0.8	-4.4	3.2	4.2
Financing activities					
Increase (+) in loans	10.0	-	10.0	-	-
Decrease (-) in loans	-	-1.1	-	-3.4	-4.5
Cash flow from financing activities	10.0	-1.1	10.0	-3.4	-4.5
Cash flow for the period	5.6	-0.3	5.6	-0.2	-0.3
Cash and cash equivalents at beginning of period	0.0	0.4	0.0	0.3	0.3
Cash and cash equivalents at end of period	5.6	0.1	5.6	0.1	0.0

Relevant reconciliations with non-IFRS-based key financial indicators Group

Alternative key financial indicators

In addition to the financial indicators compiled in accordance with IFRS, Image Systems presents key financial indicators not defined by IFRS, such as for example EBITDA, Net liabilities.

These alternative key ratios are considered to be important result and performance indications for investors and other users of the interim report. The alternative key ratios should be regarded as a complement, but not a replacement for, the financial information compiled in accordance with IFRS.

Image Systems' definitions of these measures not defined by IFRS are described on page 8 under the heading Definitions.

These terms can be defined in other ways by other companies and are therefore not always comparable to similar metrics used by other companies.

EBITDA

Image Systems is of the opinion that EBITDA is a relevant metric for investors to understand the earnings generation before investment in tangible and intangible non-current assets.

Net liabilities

Image Systems is of the opinion that Net liabilities is a relevant metric for investors to understand the Group's indebtedness.

Operating result depreciation and amortisation EBITDA

MSEK	July-Sep 2017	July-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Full year 2016
Operating result	0.7	-3.3	-4.0	-8.9	-5.0
Depreciation and amortisation of and impairment charges against tangible and intangible non-current assets	1.9	1.6	5.5	4.8	6.4
Operating result before depreciation and amortisation EBITDA	2.6	-1.7	1.5	-4.1	1.4

Net liabilities

MSEK	30 Sep 2017	30 Sep 2016	31 Dec 2016
Cash and cash equivalents	6.7	0.5	1.1
Interest-bearing liabilities	24.1	8.9	8.7
Net liabilities	17.4	8.4	7.6