

Q4JANUARY –
DECEMBER
2019

Year-end Report

Image Systems AB (publ)

JANUARY – DECEMBER 2019

Continued strong order bookings in the Group, Motion Analysis again makes record results, RemaSawco burdened by non-recurrent charges

Fourth quarter 2019

- Order bookings amounted to MSEK 70.3 (74,8).
- Revenue amounted to MSEK 54.9 (48.2).
- Operating profit before depreciation and amortisation EBITDA amounted to MSEK 2.6 (1.8).
- The operating result amounted to MSEK –1.9 (–1.1).
- The result after taxes amounted to MSEK –2.8 (9.6).
- Earnings per share amounted to –0.03 (0.17).
- The gross margin was 58 (59) percent.

January – December 2019

- Strong organic growth.
- Order bookings amounted to MSEK 211.0 (163.1).
- Revenue amounted to MSEK 211.7 (160.8).
- Operating profit before depreciation and amortisation EBITDA amounted to MSEK 12.6 (8.4).
- The operating result amounted to MSEK –4.4 (–1.9).
- The result after taxes amounted to MSEK –7.0 (5.5).
- Earnings per share amounted to –0.08 (0.13).
- The order backlog was MSEK 64.0 (65.8).
- The gross margin was 58 (63) percent.

President's statement

For the Group the fourth quarter is in line with last year with respect most key financial indicators. 2018 had a positive tax effect of MSEK 12, which affects the comparison of results after taxes. The Group increased its sales strongly under some growing pains and the EBITDA margin is at the same level as last year. For the full year, we can confirm that Motion Analysis excels in profitability and grows by more than 30 percent at the same time as the margin grew stronger. The Group's organic growth, adjusted for last year's acquisition, was more than 20 percent, but the profitability is a disappointment. RemaSawco has chosen to expense integration projects relating to the implementation of Finnish X-ray equipment to Swedish conditions. In total, we have expensed approximately MSEK 4.5 of non-recurring items that have a negative effect on fourth quarter earnings. Following our focus on growth, the Group is now entering a phase of focusing on profitability. RemaSawco in particular needs to improve its margins. A number of internal projects were initiated towards the end of 2019 and they are expected to yield results during 2020, both with respect to costs and gross margin.

Development during the fourth quarter

RemaSawco

Order bookings in the Swedish operations continued to be strong during the fourth quarter despite weaker timber prices during the autumn. The business area got a major order from Stenvalls Trä during the month of December which now also includes components to be compatible with the future digitalisation of the production environment of sawmills. The profitability in RemaSawco is weak, partially because of costs incurred to integrate X-ray inspection equipment to Swedish conditions. These costs are non-recurring but affect the profit for the period negatively in an amount of MSEK 4.5. The Finnish market was weak during the period and this is reflected in the result.

Motion Analysis

Motion Analysis had a very good quarter and continues to deliver a margin in excess of 40 percent. The quarter was characterised by growing sales in Asia and a number of major deliveries to projects in Europe. The mix between TEMA and TrackEye continues to be at an even level and overall, we are seeing that the number of medium-sized orders is rising, which creates a foundation for the growth. Motion Analysis has begun to sell TEMA as SaaS and a number of customers are added every month. We intend to implement this new business model carefully over the next several months.

Net revenue and result

Fourth quarter

Order bookings amounted to MSEK 70.3 (74.8) and the order backlog as of 31 December amounted to MSEK 64.0 (65.8). Net revenue increased and amounted to MSEK 54.9 (48.2). The Gross margin was 58 (59) percent. The operating result EBITDA amounted to MSEK 2.6 (1.8). Depreciation according to plan was charged against this result in the amount of MSEK 4.5 (2.9), of which amortisation of consolidated surplus values, such as trademarks and customer relationships accounted for MSEK 2.6 (2.6). Net financial items amounted to MSEK 0.1 (–1.0). The tax expense amounted to MSEK –1.0 (11.7). No further tax loss carryforwards have been capitalised. The result after taxes amounted to MSEK –2.8 (9.6). Revenue and operating result before depreciation and amortisation by business area are reported on page 5.

January – December 2019

Order bookings amounted to MSEK 211.0 (163.1). As of 31 December, the order backlog amounted to MSEK 64.0 (65.8). Net revenue amounted to MSEK 211.7 (160.8). The increase is due to stronger sales by the Swedish part of RemaSawco and increased revenue in Motion Analysis. The gross margin was 58 (63) percent and the operating profit EBITDA amounted to MSEK 12.6 (8.4). Depreciation according to plan burdened the result by MSEK 17.0 (10.3), of which amortisation of consolidated surplus values amounted to MSEK 10.2 (8.4). Net financial items amounted to MSEK –2.3 (–2.3). The tax expense amounted to MSEK –0.3 (9.7). The result after taxes amounted to MSEK –7.0 (5.5). Revenue and operating result before depreciation and amortisation by business area are reported on page 5.

Capital expenditures and financial position

The Groups investments in non-current assets amounted to MSEK 15.6 (45.9), of which MSEK 5.8 refers to contingent consideration for the acquisition of RemaSawco OY, investment in non-current assets in the amount of MSEK 5.5 (1.5) and MSEK 4.3 (6.1) refers to capitalised development costs. Available cash and cash equivalents, including the unutilized portion of a committed credit facility, stood at MSEK

7.0 as of 31 2019 (14.8). The equity ratio stood at 56 percent as of 31 December 2019 (62). The operative cash flow amounted to MSEK –10.2 (–54.7). The net debt / equity ratio was 0.4 (0.2). The remaining consideration for the acquisition of RemaSawco Oy amounts to a maximum of MSEK 16.2. The additional consideration contains now profitability requirements and only the requirement that the principal owners remain in their position until the summer of 2020. The remaining consideration may be reduced by guarantees provided.

Research and development

RemaSawco

During Q4 focus was on development of infrastructure and applications for the digital sawmill, in part by the Basajaun EU project. The company has developed a new AI system for quality sorting of timber that together with data from the digital sawmill makes it a whole lot easier for a sawmill to create and optimise sorting models.

Biometria will include new directives for om input measurement (FUB – Physical Volume under Bark). We have adapted the software accordingly for existing grading systems in order to assist our customers when the directive is implemented.

Motion Analysis

Work continued during the past quarter with our two major development projects based on TrackEye. Deliveries have been made and complementary efforts should ensure good final deliveries during coming quarters.

An updated version of TEMA, T2020, has also been released, containing among other things an entirely new, automated process for lens calibration. We have also begun a review of our internal processes for development work and quality control.

Parent Company

The Parent Company's net revenue amounted to MSEK 4.9 (4.4) and the result before taxes amounted to MSEK 14.9 (5.0). The Parent Company has received group contributions from its subsidiary Image Systems Nordic AB in the amount of MSEK 25.0. Investments in non-current assets amounted to MSEK 0.0 (66.0). The Parent Company's available cash and cash equivalents amounted to MSEK 136.4 as of 31 December 2019 (121.5) and the equity ratio stood at 88 (76) percent.

Personnel

The average number of employees was 95 (83). The number of employees at the end of the period was 93.

Number of shares outstanding

The number of shares outstanding as of 31 December 2019 was 89.207.818.

Annual General Meeting

The Annual General Meeting will be held on at 2:00 p.m. on May 7, 2020, at the Company's premises at Snickaregatan 40 in Linköping.

Events after the end of 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.

IFRS 16 Leases

IFRS 16 Leases is applied from 1 January 2019. Image Systems has chosen to report the transition to the new standard according to the forward-looking method. The exemption rule not to establish a comparative year have been applied. A discount rate has been set for each country and will be determined on a quarterly basis. Right-of-use agreements shorter than 12 months are recognised as short-term agreements and are therefore not included among reported liabilities or right-of-use agreements. Right-of-use agreements with a cost of less than USD 5.000 are classified as low-cost agreements and are not included in the reported liabilities or right-of-use assets.

Image System's leasing portfolio only contains some twenty agreements, primarily operating leases for office and warehouse space and company cars. The Company has identified a number of agreements, mostly relating to real estate, with the right to renew. As a consequence of these considerations, a number of leasing contracts for office space have been regarded to be longer than the contracts.

Effects of the transition to IFRS 16 Leases

The quarterly report as of 31 December is compiled according to the new standard, which means that the assets and liabilities in the balance sheet have been added to by right-of-use relating to leased tangible non-current assets in the amount of MSEK 19.3 and lease liabilities (long-term and current) in a total amount of MSEK 19.3. There is also a change in the income statement as the leasing cost has been reclassified as depreciation and interest expense, which has reduced external costs by MSEK 3.4 on an accumulated basis and increased depreciation by MSEK 2.5 as well as lowering the finance net by 0.5.

The interim report for the Parent Company, Image Systems AB, is compiled in accordance with the 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 2018. No other significant new or changed risks were identified during the quarter.

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

Linköping, 14 February 2020

Board of Directors

Reporting schedule:

Annual Report 2019	April 2020
Interim Report January-March 2020	7 May 2020
Annual General Meeting	7 May 2020
Interim Report April-June 2020	21 August 2020
Interim Report July-September 2020	13 November 2020
Year-end Report 2020	12 February 2021

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 08.00 a.m. 14 February 2020.

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

Questions will be answered by:

Johan Friberg, CEO, 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

Summary Consolidated Income Statements

MSEK	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales	53.7	46.9	206.8	156.1
Capitalised development costs	1.2	1.3	4.9	4.7
Revenue	54.9	48.2	211.7	160.8
Raw materials and supplies	-23.1	-19.9	-88.4	-58.7
Other external costs	-7.4	-7.4	-31.2	-24.6
Personnel costs	-20.5	-19.1	-78.4	-67.5
Depreciation and amortisation of and impairment charges against tangible non-current assets	-4.5	-2.9	-17.0	-10.3
Other operating income	-	-	-	0.2
Other operating costs	-1.3	-	-1.1	-1.8
Operating result	-1.9	-1.1	-4.4	-1.9
Net finance items	0.1	-1.0	-2.3	-2.3
Result before taxes	-1.8	-2.1	-6.7	-4.2
Taxes	-1.0	11.7	-0.3	9.7
Result for the period	-2.8	9.6	-7.0	5.5
Of which attributable to the Parent Company's equity holders	-2.8	9.6	-7.0	5.5
Earnings per share ¹⁾	-0.03	0.17	-0.08	0.13
Earnings per share after dilution ¹⁾	-0.03	0.17	-0.08	0.13
Average number of shares outstanding	89,207,818	55,223,887	89,207,818	42,479,913
Average number of shares outstanding, after dilution	89,207,818	55,223,887	89,207,818	42,479,913

Summary Consolidated Report of Comprehensive Result

Result for the period	-2.8	9.6	-7.0	5.5
Other comprehensive result				
Translation differences	-0.1	-0.4	0.3	-0.5
Taxes related to other comprehensive result	-	-	-	-
Total other comprehensive result	-0.1	-0.4	0.3	-0.5
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-2.9	9.2	-6.7	5.0
Of which attributable to the Parent Company's equity holders	-2.9	9.2	-6.7	5.0

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

Group	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales by segment (business area)				
RemaSawco	43.3	41.1	175.9	133.7
Motion Analysis	11.6	7.1	35.8	27.1
Consolidation items and Parent Company	-	-	-	-
Total	54.9	48.2	211.7	160.8
EBITDA				
RemaSawco	-0.9	1.1	1.5	8.4
Motion Analysis	5.2	2.4	16.4	8.0
Consolidation items and Parent Company	-1.7	-1.7	-5.3	-6.2
Acquisition costs	-	-	-	-1.8
EBITDA total	2.6	1.8	12.6	8.4
Depreciation and amortisation of and impairment charges against tangible non-current assets	-4.5	-2.9	-17.0	-10.3
Operating result	-1.9	-1.1	-4.4	-1.9
Net finance items	0.1	-1.0	-2.3	-2.3
Result before taxes	-1.8	-2.1	-6.7	-4.2
Taxes	-1.0	11.7	-0.3	9.7
Result for the period	-2.8	9.6	-7.0	5.5

Summary Consolidated Balance Sheets

MSEK	31 Dec 2019	31 Dec 2018
Non-current assets		
Goodwill	36.1	32.5
Customer relationships	44.4	52.7
Trademarks	4.2	6.2
Capitalised development costs	23.8	23.8
Tangible non-current assets	26.2	4.4
Deferred tax asset	20.5	22.3
Total non-current assets	155.2	141.9
Current assets		
Inventories	10.4	9.9
Trade receivables	44.1	50.3
Other current assets	24.4	12.2
Cash and cash equivalents	3.2	8.2
Total current assets	82.1	80.6
TOTAL ASSETS	237.3	222.5
Equity (Attributable in its entirety to the Parent Company's equity holders)	132.2	138.9
Long-term liabilities		
Provision related to contingent consideration	-	10.3
Leasing liabilities	17.0	-
Deferred tax liabilities	7.8	8.4
Total long-term liabilities	24.8	18.7
Current liabilities		
Loans from credit institutions	19.2	10.9
Provision related to contingent consideration	16.2	11.3
Trade payables	15.8	17.9
Lease liabilities	2.9	-
Other current liabilities	26.2	24.8
Total current liabilities	80.3	64.9
TOTAL EQUITY AND LIABILITIES	237.3	222.5

Summary Report of Changes in Consolidated Equity

	31 Dec 2019	Full year 2018
Opening equity according to the balance sheet	138.9	73.7
Result for the period	-7.0	5.5
Other comprehensive result for the period	0.3	-0.5
Total comprehensive result for the period	-6.7	5.0
New issue	-	60.2
Closing equity according to the balance sheet	132.2	138.9

Summary Consolidated Cash Flow Statements

MSEK	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Cash flow from operating activities before changes in working capital	4.7	0.4	11.6	4.4
Change in working capital				
Increase (-) / Decrease (+) in inventories	0.5	0.6	-0.5	2.2
Increase (-) / Decrease (+) in receivables	7.7	-10.7	-5.2	-1.2
Increase (+) / Decrease (-) current liabilities	-5.2	3.6	-0.5	-14.2
Total changes in working capital	3.0	-6.5	-6.2	-13.2
Cash flow from operating activities	7.7	-6.1	5.4	-8.8
Investment activities				
Acquisition of Group companies	-	-	-5.8	-38.3
Acquisition of intangible non-current assets	0.2	-2.5	-4.3	-6.1
Acquisition of tangible non-current assets	-2.0	-1.2	-5.5	-1.5
Cash flow from investment activities	-1.8	-3.7	-15.6	-45.9
Operative cash flow	5.9	-9.8	-10.2	-54.7
Financing activities				
New issue	-	60.2	-	60.2
Increase (+) in loans	7.4	5.4	23.4	60.2
Decrease (-) in loans	-12.1	-58.4	-18.2	-58.4
Cash flow from financing activities	-4.7	7.2	5.2	62.0
Cash flow for the period	1.2	-2.6	-5.0	7.3
Cash and cash equivalents at beginning of period	2.0	10.9	8.2	0.9
Translation difference in cash and cash equivalents	0.0	-0.1	0.0	0.0
Cash and cash equivalents at end of period	3.2	8.2	3.2	8.2

Key Financial Indicators

Group	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Order bookings, MSEK	70.3	74.8	211.0	163.1
Order backlog, MSEK	64.0	65.8	64.0	65.8
Gross margin, %	58	59	58	63
Operating margin, %	neg	neg	neg	neg
Profit margin, %	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg
Equity ratio, %	56	62	56	62
Debt equity ratio	0.4	0.2	0.4	0.2
Net investments in non-current assets, MSEK	3.7	3.7	15.6	45.9
Depreciation and impairment of non-current assets, MSEK	2.9	2.9	17.0	10.3
Average number of employees	93	69	95	83
Number of shares outstanding at end of period, million	89.21	89.21	89.21	89.21
Average number of shares outstanding, million	89.21	55.22	89.21	42.48
Earnings per share ¹⁾ , SEK	-0.03	0.17	-0.08	0.13
Cash flow per share ¹⁾ , SEK	0.07	-0.18	-0.11	-1.29
Equity per share ²⁾ , SEK	1.48	1.56	1.48	1.56

¹⁾ Calculated based on average number of shares outstanding.

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

Quarterly Survey

Group	2019				2018				2017	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Order bookings, MSEK	70.3	24.1	43.3	73.3	74.8	27.8	32.6	27.4	35.3	28.2
Revenue, MSEK	54.9	61.3	51.4	44.1	48.2	46.3	44.0	22.3	43.3	29.7
Gross margin, %	58	51	66	60	59	63	59	83	63	65
Operating result before depreciation (EBITDA), MSEK	2.6	6.7	2.4	0.9	1.8	5.6	2.5*	-1.5	7.0	2.6
Operating result (EBIT), MSEK	-1.9	1.7	-1.3	-2.9	-1.1	2.2	0.4*	-3.4	5.1	0.7
Operating margin, %	neg	2.4	neg	neg	neg	4.8	0.9	neg	11.8	2.4
Return on equity, %	neg	1.1	neg	neg	neg	0.6	neg	neg	24.5	0.9
Equity ratio, %	56	55	58	57	62	34	33	67	67	56
Earnings per share, SEK	-0.03	0.02	-0.02	-0.04	0.17	0.01	-0.03	-0.09	0.42	0.01
Cash flow per share, SEK	0.07	-0.18	-0.12	0.12	-0.18	-0.24	-0.87	-0.06	0.24	-0.22
Equity per share, SEK	1.48	1.52	1.50	1.52	1.56	1.82	1.83	1.84	1.93	1.51
Average number of shares outstanding, million	89.21	89.21	89.21	89.21	55.22	38.23	38.23	38.23	38.23	38.23

**including acquisition costs of MSEK 1.8.

Definitions

Performance metric

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.

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.

Net liabilities, MSEK

Interest-bearing liabilities, less cash and cash equivalents

Other

Net investments in non-current assets, MSEK

Net investments in both intangible and tangible non-current assets and financial assets 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 in 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 number of shares outstanding at end of period.

Equity per share, SEK

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

Summary Parent Company Income Statements

MSEK	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Revenue	1.2	1.7	4.9	4.4
Other external costs	-1.2	-1.4	-4.3	-4.3
Personnel costs	-1.6	-1.9	-5.8	-6.2
Other operating costs	-	-	-	-
Operating result	-1.6	-1.6	-5.2	-6.1
Net finance items	0.5	-1.2	-0.8	-2.1
Result before taxes	-1.1	-2.8	-6.0	-8.2
Year-end appropriations	25.0	0.2	25.0	0.2
Taxes	-4.1	13.0	-4.1	13.0
Result for the period	19.8	10.4	14.9	5.0

Summary Report of Parent Company Comprehensive Result

Result for the period	19.8	10.4	14.9	5.0
Other comprehensive result	-	-	-	-
Total other comprehensive result	-	-	-	-
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	19.8	10.4	14.9	5.0

Summary Parent Company Balance Sheets

MSEK	31 Dec 2019	31 Dec 2018
Non-current assets		
Shares in subsidiaries	122.1	122.1
Deferred tax asset	10.9	14.9
Total non-current assets	133.0	137.0
Current assets		
Due from Group companies	17.6	12.2
Other short-term receivables	4.4	4.2
Cash and cash equivalents	0.1	7.3
Total current assets	22.1	23.7
TOTAL ASSETS	155.1	160.7
Equity	136.4	121.5
Long-term liabilities		
Provision related to contingent consideration	-	10.3
Total long-term liabilities	-	10.3
Current liabilities		
Provision related to contingent consideration	16.1	11.3
Trade payables	0.6	0.7
Due to Group companies	-	14.5
Other current liabilities	2.0	2.4
Total current liabilities	18.7	28.9
TOTAL EQUITY AND LIABILITIES	155.1	160.7

Summary Report of Changes in Parent Company Equity

MSEK	31 Dec 2019	31 Dec 2018
Opening equity according to the balance sheet	121.5	56.3
Result for the period	14.9	5.0
Other comprehensive result for the period	-	-
Total comprehensive result	14.9	5.0
New issue	-	-60.2
Closing equity according to the balance sheet	136.4	121.5

Summary Parent Company Cash Flow Statements

MSEK	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Cash flow from operating activities before changes in working capital	-1.7	-2.4	-4.8	-8.0
Changes in working capital				
Increase (-) / Decrease (+) in receivables	0.4	0.4	-1.1	0.7
Increase (+) / Decrease (-) in current liabilities	0.3	0.8	-0.6	1.4
Total change in working capital	0.7	1.2	-1.7	2.1
Cash flow from operating activities	-1.0	-1.2	-6.5	-5.9
Investment activities				
Acquisition of subsidiary	-	-	-	-44.1
Loans from (+) / to (-) subsidiaries	1.1	-2.5	5.1	2.1
Cash flow from investment activities	1.1	-2.5	5.1	-42.0
Operative cash flow	0.1	-3.7	-1.4	-47.9
Financing activities				
New issue	-	60.2	-	60.2
Increase (+) in loans	-	-	-	44.2
Decrease (-) in loans	-	-49.2	-5.8	-49.2
Cash flow from financing activities	-	11.0	-5.8	55.2
Cash flow for the period	0.1	7.3	-7.2	7.3
Cash and cash equivalents at beginning of period	0.0	0.0	7.3	0.0
Cash and cash equivalents at end of period	0.1	7.3	0.1	7.3

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 7 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 EBITDA is a relevant metric for investors to understand the earnings generation before investment in tangible and intangible non-current assets.

Operating result before depreciation, amortisation and interest EBITDA

MSEK	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Operating result	-1.9	-1.1	-4.4	-1.9
Depreciation and amortisation of and impairment charges against tangible and intangible non-current assets	4.5	2.9	17.0	10.3
Operating result before depreciation, amortisation and interest EBITDA	2.6	1.8	12.6	8.4

Net liabilities

MSEK	31 Dec 2019	31 Dec 2018
Cash and cash equivalents	3.2	8.2
Provision for contingent consideration	16.6	21.6
Leasing liabilities	19.9	
Interest-bearing liabilities	19.2	10.9
Net liabilities	52.5	24.3