



# ANNUAL REPORT

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# 2023



## About Image Systems

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Image Systems is a Swedish high-technology company that develops and markets software and systems in non-contact measurement technology and advanced image processing. We are a world-leading supplier in non-contact measurement technology and advanced image processing.

Today, our two business units – RemaSawco and Motion Analysis – operate in a number of different market segments where non-contact measurement technologies are required, the most prominent being the forestry, defense, and automotive industries.

Our world-leading products are used to optimize production flows and to develop and test new products. Image Systems has around 70 employees with operations in Sweden, Finland, and Norway, and sales offices in China, France, Israel, and the US.

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## FINANCIAL CALENDAR

Interim report, January 1 – March 31, 2024 .....April 26, 2024  
Annual General Meeting 2024.....May 8, 2024  
Interim report April 1 – June 30, 2024.....July 19, 2024  
Interim report July 1 – September 30, 2024 .....November 8, 2024  
Year-end report 2024 .....February 7, 2025

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## FINANCIAL INFORMATION

Financial and other relevant company information is published on  
<https://imagesystemsgroup.se>

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# 2023 IN BRIEF



The EBITDA, which amounted to MSEK 15.5 (28.4), corresponds to an EBITDA margin of 9.1 percent (15.8).

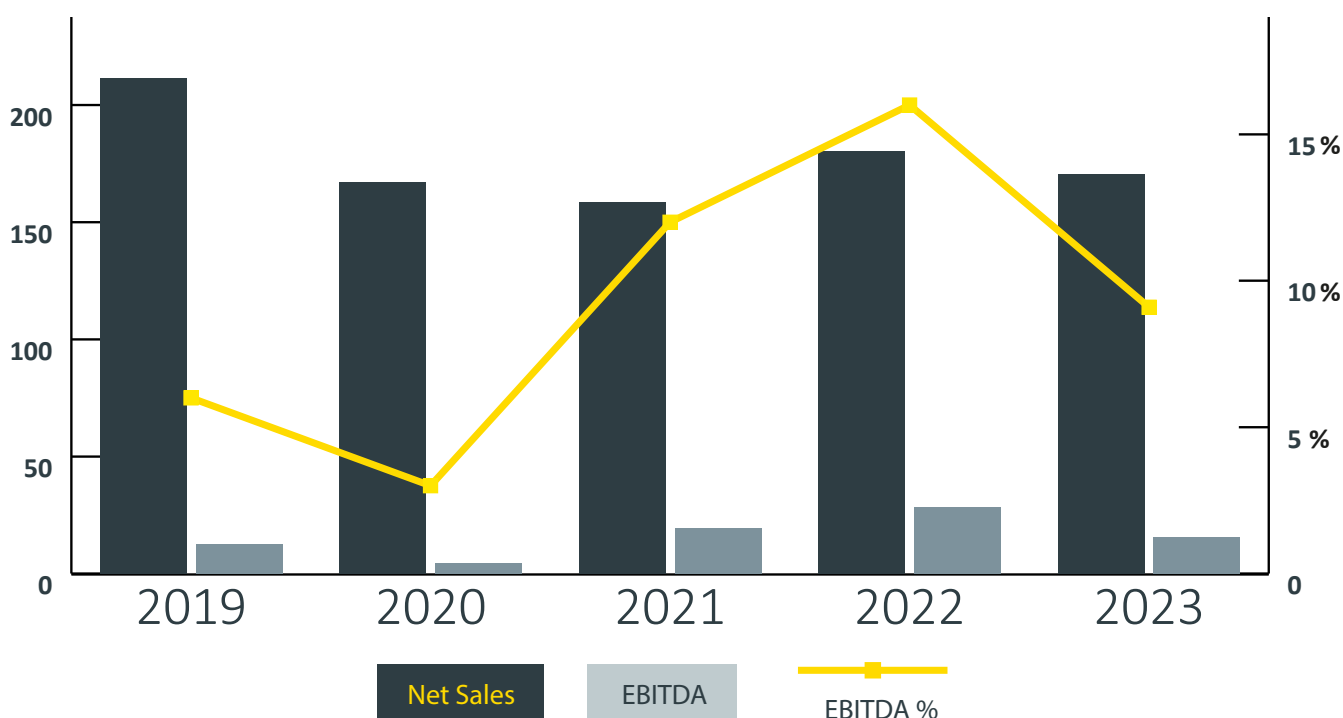
The sawmill market experienced challenging market conditions during the year. The RemaSawco business unit pursued its strategic direction of harmonizing its product portfolio and developing new service concepts.

The Group's revenue decreased slightly compared to the previous year to MSEK 170.7 (180.2), a decrease of 5 percent. Order intake amounted to MSEK 150.0 (189.0).

The Motion Analysis business unit saw increased interest in its solutions during the year, especially from the defense sector. The business unit invested heavily in its product portfolio during the year and saw a growth in sales of almost twenty percent.

FINANCIAL INDICATORS	2023	2022
Order intake, MSEK	150.0	189.0
Order backlog, MSEK	73.3	81.9
Cash flow from operating activities, MSEK	1.7	32.3
Gross margin, %	70	67
EBIDTA margin, %	9.1	15.8
Solidity, %	63	63
Average number of employees	67	72

THE GROUP'S 5-YEAR PERFORMANCE



# A CHALLENGING YEAR WITH A POSITIVE ENDING



” We continue to invest in our product portfolio for further growth and improved profitability. I look to the future with great confidence, for both Group companies, and can see that they have hit the target as far as their strategies. ”

**Johan Friberg, Group President**

We rounded off 2023 with a strong order intake, and a recovery for the RemaSawco business unit in terms of incoming orders. The order backlog at the end of the year is at a historically high level, and guarantees the opportunity for further growth in 2024.

The year was marked by challenges in the sawmill industry, where factors such as high interest rates, increasing raw material prices, and reduced demand for sawn timber, limited the profitability and willingness to invest in sawmills. Despite these challenges, we maintained an optimistic attitude and focused our attention on aspects we could influence. This meant continuous investment in the product portfolio and strengthening services offered.

In retrospect, this proved to be a healthy approach. In the last quarter, sawmills were again ready to invest, and to a large extent chose RemaSawco over our competitors. We believe that, despite the weak market during the year, we have increased our market shares in the Nordics. We are convinced that the sawmill industry has great potential ahead. Building in wood is sustainable compared to other construction techniques. Timber is in short supply, which means that solutions which utilize the raw material in an optimal way will play a key role in the future of sawmills. This is exactly where RemaSawco finds itself.

At the same time, the Motion Analysis business unit saw increased demand for its TEMA and TrackEye software. We are growing in all markets, and note that the largest growth segment is within the defense sector. The business unit grew by around 20 percent compared to the previous year, and we see solid opportunities for continued growth.

The business unit has three clear goals: Dominate the market on a global scale, transition from license sales to subscription-based sales, and expand in adjacent segments. We are the current market-leading supplier in our niche, with a market share exceeding 50 percent. What's more, we are in the middle of a transformation to subscription-based revenue, and are in the final stages of developing our new software platform, which will form the basis for further expansion.

We feel confident with the direction we have taken in both business units, and plan to continue investing in both products and services offered. I am proud of the drive and determination I have seen within our company over the past year, which is creating a positive foundation for future success.

I look forward now to 2024 with great confidence, and at the same time wish to thank our shareholders for the trust they have provided us in order to deliver on our high ambitions.

Linköping in April 2024.

Johan Friberg

## A GLOBAL COMPANY



Image Systems is a global Group. We currently have customers in a total of 47 countries and we have our own operations in seven countries. The sun never sets on Image Systems.





## HIGH-LEVEL MEASUREMENT TECHNOLOGY

Image Systems is a Group offering products and solutions in non-contact measurement technology. The Group currently consists of two business units – RemaSawco and Motion Analysis. The Group’s overall focus is to promote and create conditions for profitable growth for its holdings.

### STRATEGY

The Group’s intention is for its holdings to maximize their individual success in the markets in which they operate. What distinguishes companies in the Group should be that:

- We work in measurement technology, mainly in non-contact measurement technology, which means that our measurement systems do not affect the object they analyze.
- We operate in a well-defined niche.
- We are market leaders, either globally or within a geographic market.

We expect these three components to provide the conditions for long-term profitability and growth.

It is our belief that measurement technology will grow in the future. Digitalization, automation, and sustainability are underlying driving forces that affect growth in the markets where Image Systems operates. To achieve this, more accurate data needs to be created that can be analyzed, presented, and used to support decision-making. Our products do just that: They manage and analyze data so that our customers can optimize their operations.

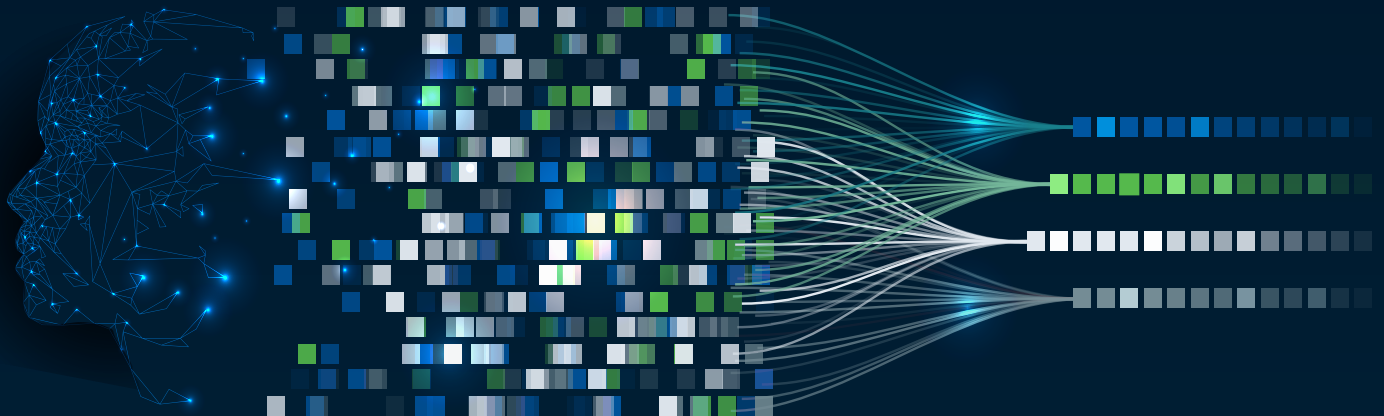
### OPERATIONS

Image Systems operates in widely different market niches where the common denominator is world-leading measurement technology solutions. **RemaSawco** is mainly active in the sawmill market in the Nordic and Baltic countries. **Motion Analysis** has a high market share globally and is active in high-speed analysis worldwide.

Each business unit has separate and well-defined targets to ensure the robustness of each business unit and its market offering. This is reflected in practice by the investments made towards recurring revenues, increased focus on the services offered, and scalability of the operations. To complement these investments, both business units are investing heavily in their product portfolios.

### ORGANIZATION

The Image Systems Group seeks to maximize the success of its respective subsidiaries. The Group has a joint function for Finance and Administration. Otherwise, the business units operate separately in their respective market niches.



RemaSawco's vision is to enable the most progressive sawmills to optimize their production and, thus, sustainably manage our forests. RemaSawco contributes to this by offering high-technology and future-proof measurement systems with smart data analysis for more efficient production and increased value exchange.

RemaSawco offers turnkey solutions that optimize the production flow in a sawmill. Using non-contact measurement technologies, such as 3D scanning and X-ray systems, we have developed a portfolio of different measurement systems that allow us to optimize the entire process, from timber sorting to board handling. Our deliveries also include proprietary software based on advanced algorithms and smart data analysis, which helps our customers increase raw material yields. Combined with a high level of service, we thereby increase our customers' production availability. We have a philosophy of always simplifying the difficult at all levels. We make it easy for our customers by taking responsibility for complex upgrades and integrations so they can focus on their core business instead.

Our systems generate vast amounts of data that can furthermore be used to provide real-time decision support. Therefore, RemaSawco also develops digital platforms to enable this.

RemaSawco mainly targets Scandinavian and European customers who operate modern sawmills for coniferous forests and have a strong innovation capacity focusing on productivity and efficiency. Our latest product, Boardscanner-Q, is considered a world leader in the market. RemaSawco's customers include most major Groups in the Nordic region, such as Stora Enso, Holmen, Södra, SCA, UPM, Norra Timber, Vida Skog, and Moelven.

RemaSawco's head office is located in Linköping and the Company has several local offices in Scandinavia. The central research and development teams are located in Skellefteå (X-ray technology) and Linköping (scanner technology). The development teams are deliberately established close to universities to secure competence and ensure that RemaSawco is at the forefront of technology development.

“ We continue to invest heavily in our product offering to meet the sawmills’ need for increased production efficiency in the sawing process. Despite a challenging market in 2023, we have continued to work in accordance with our strategy, which aims to secure our market-leading position as a supplier in the Scandinavian market and create conditions for expansion in other parts of the world. ”

**Emilien Saindon, CEO and Business Unit Manager RemaSawco**

### SCALABLE OFFERING AND PARTNERSHIPS

In 2023, we have continued to consolidate the product portfolio, re-focused our development projects, and further strengthened our services offered. This work will continue in the coming years, and our product portfolio will also be allowed to grow to streamline other parts of our customers’ processes.

At RemaSawco, we have a long-term ambition to offer our solutions worldwide and become the market leader there as well. We consider the scalability of both our offering and our business models to be important cornerstones of our strategy to achieve this goal. The concept of scalability is central to all our activities, from the design of our products to our marketing strategy.

For RemaSawco, a scalable offering allows us to implement our systems in new geographic markets quickly while maintaining quality and service levels. This has clearly influenced how we develop our products, as we now aim for a higher degree of parameter-based standard solutions. We also have the ambition to develop products with open interfaces (API) to facilitate integration with customers’ existing systems and simplify our service commitment to ensure accessibility.

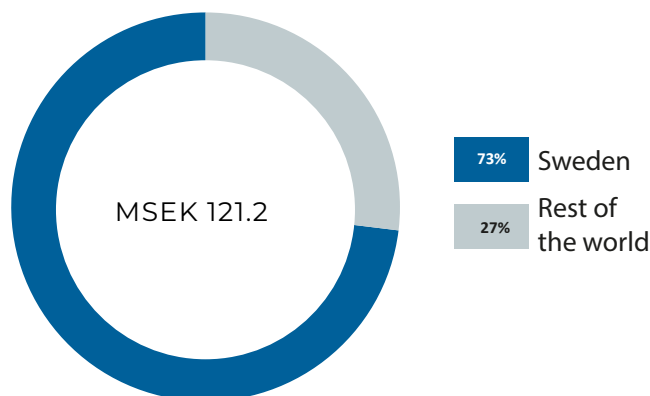
To support and reinforce this strategy, we are increasingly broadening our network of partners who can strengthen our capabilities in, for example, supply, manufacturing, and service. Strategic partnerships also help us maintain geographic proximity to our customers wherever they are in the world.

### MARKET

The year 2023 was a weak year for the sawmill industry. The year was characterized by low demand for sawmill products and a shortage of raw wood, while wood prices increased further from the already very high levels reached in recent years. Demand fell to record low levels in 2023, forcing many sawmills to pause already planned investments. Despite a small recovery in the last quarter and the fact that we can see some optimism for the future, 2024 will likely be another challenging year for the sawmill industry. The current market situation is the single biggest reason RemaSawco’s result was weaker than the previous year.

### REMASAWCO

#### SALES REVENUE 2023



During 2023, RemaSawco has focused on further strengthening the company’s market position in Scandinavia, Finland and the Baltics. Despite a tougher market situation, RemaSawco has continued to focus on securing delivery capabilities and developing relevant products and services for our customers, resulting in maintained margins throughout the year.

The shortage and high prices of raw materials are creating new market requirements and an increased need for optimization in the manufacturing process. RemaSawco’s relatively large installed base is very much approaching the end of its life cycle, and the need for modernization to remain competitive will be significant in the coming years.

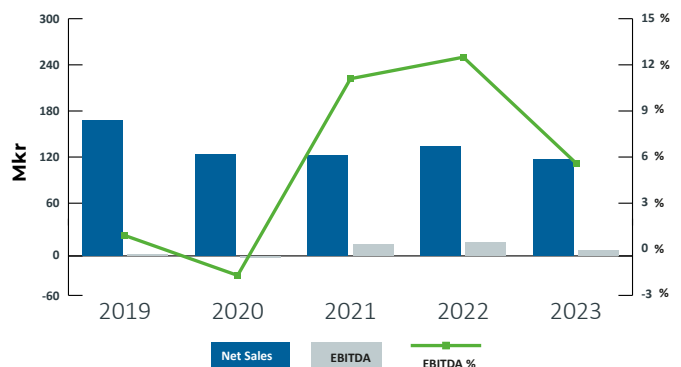
The outlook for sawmills remains positive. Wood consumption is estimated to continue growing, not least due to the climate policy-supported wooden construction. Furthermore, it is reasonable to assume that production in Russia, which before the Ukraine war was the world’s second-largest producer of wood products, will continue to be reduced due to sanctions.

### SERVICE

In previous years, RemaSawco has traditionally offered our customers maintenance and service on an ongoing needs basis. But as the market evolves, the demands and needs of our customers change with it. Availability has become a central concept to ensure delivery and efficient and profitable production. Therefore, in 2023, RemaSawco developed, marketed, and sold a new type of service and maintenance to meet these requirements and needs. The result is a safer everyday life for our customers with increased and secured availability in production at a known cost.

### REMASAWCO

#### TOTAL INCOME AND RESULTS\* 2019–2023



\*Includes net sales and capitalized development costs



## Innovation in the sawmill industry: A necessity for the challenges of the future



In a world where market needs are constantly changing, it may perhaps seem obvious that companies have to develop new products. But in the niche sawmill industry, where customers' needs are very specific and the market is fraught with various challenges, this is easier said than done. At RemaSawco, we embrace these challenges through strategic and long-term investment in technology in order to develop our products. So, let's dive a little deeper into an example of how this can be achieved.

### KEY CHALLENGES IN THE INDUSTRY

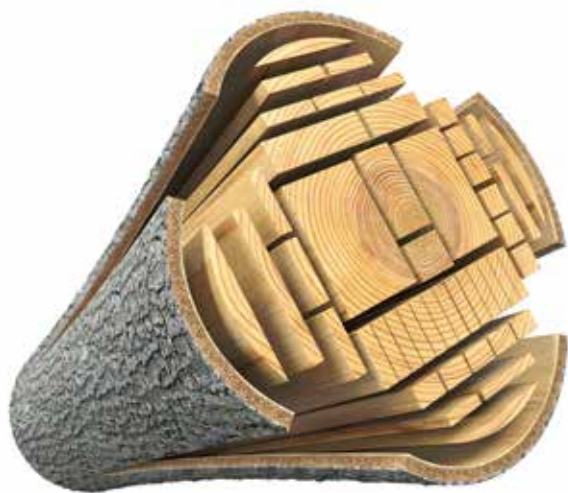
The market for sawn timber products is known for its cyclical ups and downs. Despite strong results in the sawmill industry over the last few years, the geopolitical situation, including Russia's invasion of Ukraine and its subsequent effects, has created a unique and challenging environment. These events have contributed to a significant shortage of raw wood, and its historically high prices. This, along with other factors, such as the decline of the construction sector, high interest rates, inflation, and logistics problems, has put significant pressure on the industry.

### MAXIMIZING THE VALUE OF EVERY LOG

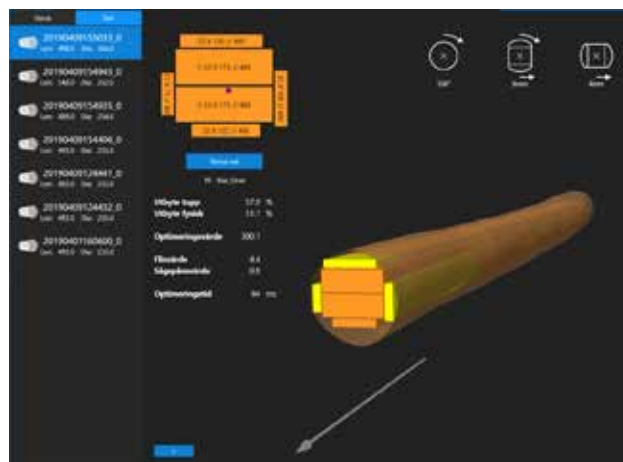
So, what is the solution for the sawmill industry in these times? Well, it is about maximizing the value of each processed log through optimization and efficiency, and this is exactly RemaSawco's area of expertise. By using large amounts of data and smart algorithms, we can optimize the machining process to achieve maximum value from each and every log.

### ADVANCED TIMBER SORTING AND VALUATION

Our process begins as early as when the logs arrive at the sawmill, in the measuring station. There, each log is scanned individually to determine their external and internal characteristics, using advanced 3D technology consisting of laser and/or X-ray. The detailed data resulting from the 3D scan is used to sort logs by quality and size, but is also critical in being able to optimize how the logs should be turned and sawn in order to produce wood products efficiently, with minimal waste and maximum value. Using advanced software, suitable sawing patterns (so-called posting) are calculated based on the dimensions to be sawn in the current order.



*Each log is scanned with advanced 3D technology, and advanced software calculates how the log should be sawn in the most efficient way.*



*An example from the software RS-Opt, which calculates and suggests how each individual log should be sawn.*

### MEASURING STATION OF THE FUTURE

At RemaSawco, we strive to be at the forefront, by developing new products that not only meet the needs of today, but are also flexible and adaptable for the future. In the current market situation, we have decided on a new strategy, where the measuring station is the area we are developing first: A modern, scalable, and modular measuring station that is ready to meet all the demands the market can conceivably make, both now and in the future. By collecting and utilizing more data early in the process, we can optimize production even more efficiently. Our vision is to create an interconnected ecosystem, where data from the early stages of the sawmill process is used to improve the entire production chain. A solution of this kind is both profitable and sustainable – exactly as it should be.

### AI AND MACHINE LEARNING: THE NEXT GIANT LEAP

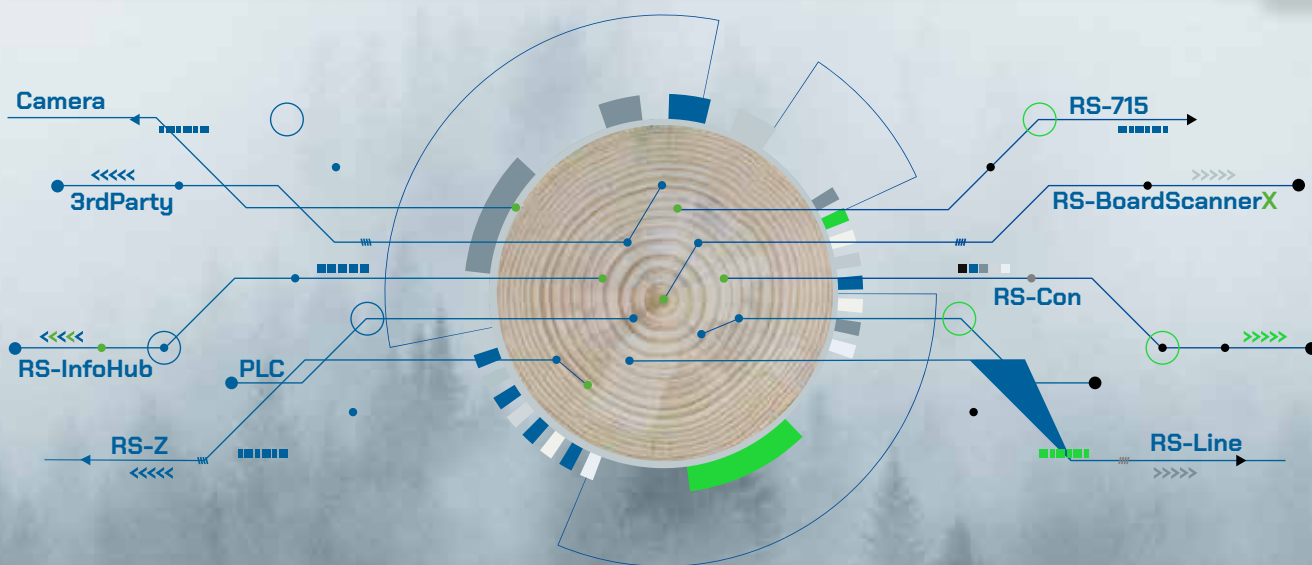
The future in the sawmill industry, and in fact in RemaSawco, includes an increased use of artificial intelligence and machine learning. These technologies play an increasingly significant role in our quest to improve optimization techniques and increase automation, which in turn helps our customers become more efficient and profitable.

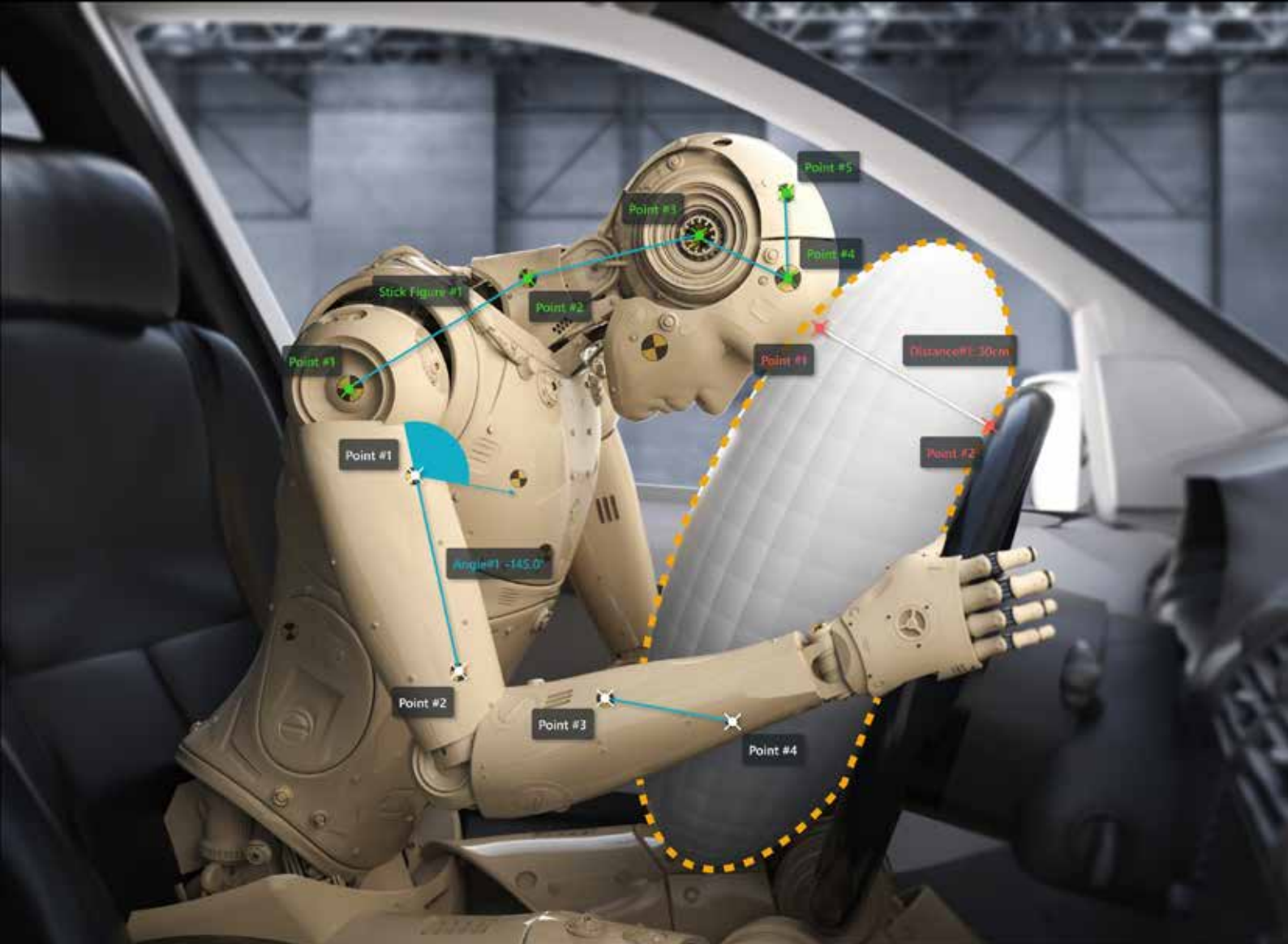
### REMOTE SERVICE AND SUPPORT

To support our customers even further, we are also developing our service and support operations, with a focus on increasing our ability to monitor and maintain systems remotely. This helps our customers to potentially avoid unnecessary downtime, and ensures smooth and efficient production.

### CONCLUSION

With our new, innovative, and future-proof measuring station, we are laying the foundation for a standardized platform that will serve as the basis for all future product development in RemaSawco. This platform is the key to meeting the challenges of the future, and ensuring both our own and our customers' success.





## MOTION ANALYSIS - HIGH MEASUREMENT PRECISION



Motion Analysis is the world leader in measuring movements in high-speed film. The software developed and sold today is used in hundreds of different applications where our customers demand the world's best accuracy.

We specialize in measuring things that happen at high speed. Our customers use special cameras to film events in slow motion. These special cameras can film at more than one million frames per second. Our customers then use our software to study how different things move in these films. For example, our software can automatically calculate how fast or how much an object is moving in a film. This is used in various fields, such as military equipment testing, car crash tests, and university research.

### OFFERING

Motion Analysis provides its customers with specialized software for the analysis of high-speed film. The software is sold under the trademarks TEMA and TrackEye, where TEMA is primarily aimed at the civilian sector and TrackEye is used in defense testing and the aerospace industry. Historically, the software has been sold as lifetime licenses, with the option for customers to upgrade to the latest version annually through service agreements. The company is now undergoing a business transformation to transition to a subscription-based sales model.

In addition to software licenses, the company also offers comprehensive measurement systems for specific purposes. These packages include not only software but also sensors such as industrial and high-speed cameras, as well as computers.

### SALES CHANNELS

Motion Analysis sells directly to end customers in markets where it has its own sales and service offices. In other geographical markets, the company collaborates with distributors. With the transition to subscription offers, an increasing share of sales is expected to be made via web platforms. The company currently has its own sales offices in Sweden, France, Israel, China and the US.



# MOTION ANALYSIS



## TECHNOLOGY

Motion Analysis positions itself as a leading player in motion analysis in the high-speed segment by focusing on its core competence in software development and implementation of advanced mathematical algorithms in image streams. The company's success is based on its unique ability to convert pixel data in images into automated results with high accuracy. This enables not only advanced analysis of high-speed film but also the ability to analyze details and create crucial insights for our customers.

## COMMENTS ON THE PAST YEAR

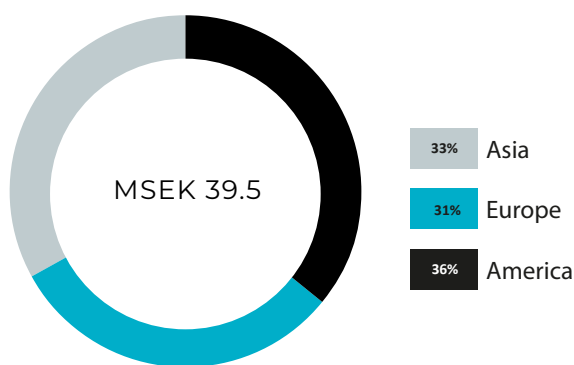
The sales success of Motion Analysis is dependent on being able to meet customers and demonstrate our software. Strong growth in sales can be noted for the first time in several years, as a result of travel bans during Covid-19 being eased. We are now investing further in expanding our marketing and sales force. At present, we have employees based locally in Sweden, France, China, Israel and the US. During the year, we saw an increased demand for our products, especially within the defense segment, which accounted for approximately half of the company's turnover. We believe this increased demand will continue to develop in the coming years.

In parallel with our sales efforts, the company is developing a new software platform. This platform will replace the existing products TEMA and TrackEye, and at the same time provide increased opportunities for the development of new functions. The new platform will be launched commercially in 2024, and will form the basis for future sales.

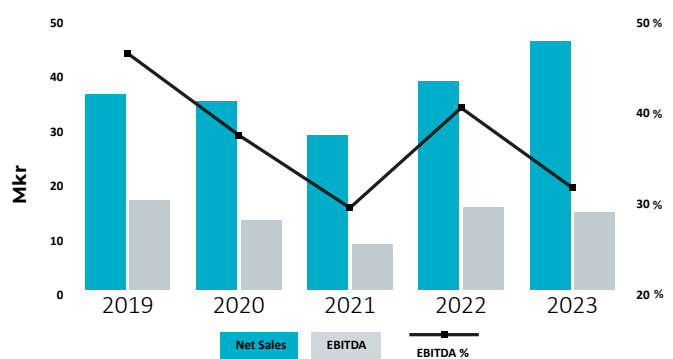
## RESEARCH AND DEVELOPMENT

Motion Analysis has invested significant amounts in research and development to create a new and improved product platform. It not only aims to modernize the user experience, but also to enable the integration of TEMA and TrackEye with other measurement technology products and third-party software. The overall goal is to create a more coherent and comprehensive product experience for users, while keeping a strong focus on facilitating the online functionality of the software in the future. This strategic direction reflects the company's commitment to continuous innovation and to providing customers with tools that are not only advanced but also flexible enough to meet the future demands and challenges of high-speed film analysis.

## MOTION ANALYSIS SALES REVENUE 2023



## MOTION ANALYSIS TOTAL INCOME AND RESULTS\* 2019-2023



\*Includes net sales and capitalized development costs

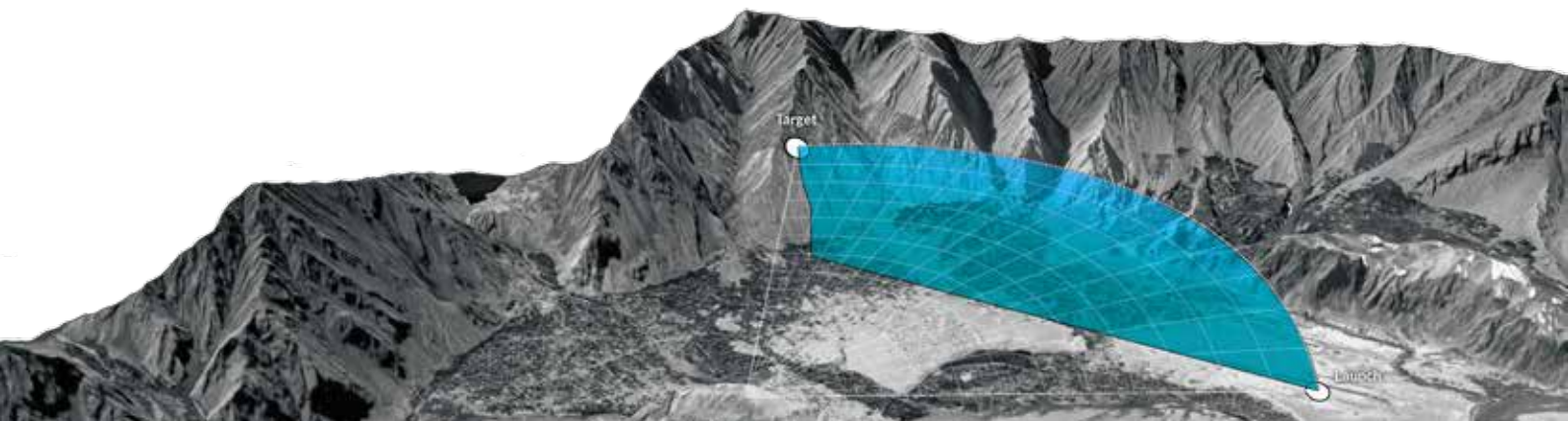
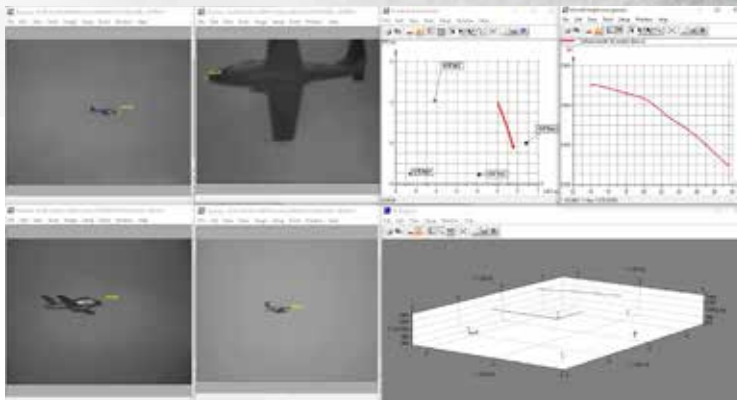
# MOTION ANALYSIS

## EVALUATION OF FLYING OBJECTS



Many military test areas around the world work on measuring the position and attitude of moving objects using special equipment that can track objects at long distances (up to several kilometers). The aspects primarily measured in these tests are the object's position and movement in 3D. With the help of terrain databases, for example, an object's trajectory over the ground can be determined and various types of analysis performed, such as calculating the miss distance between a missile and a target. A number of measuring units can be used, which are positioned in different places. By recording the direction of the object from different angles, high accuracy is obtained in the 3D positions.

In order to attain, and have control over, this accuracy, Image Systems has developed a module called "Tracking Mount", with specific algorithms that take into account a variety of parameters, such as the curvature of the earth, weather data, the direction of the sensors, and more. The program then tracks objects automatically in images, integrates various calibrations and correction procedures by reading metadata or external data provided by sensors, transforms coordinate systems, and calculates the position of all objects.



# MOTION ANALYSIS

## CASE

### AUTOLIV, SHANGHAI

DEPARTMENT OF VEHICLE TESTING

**TEMA Pro is motion analysis software that offers high-quality solutions for measuring the motion and behavior of crash test dummies, airbags, car seats, sleds, etc. in vehicle safety tests. By combining several modules in TEMA, you can measure the movements of objects even when they are partially obscured. It is a useful technique for studying passenger kinematics in tests, and for improving vehicle safety performance in crash tests.**

**Tianlun Chen** is a test engineer in the Vehicle Test Department at Autoliv in China. Here he explains how he and his colleagues use the TEMA software from Motion Analysis to perform crash tests on vehicles.



*Tianlun Chen calibrates the volume in the passenger compartment ahead of a crash test.*

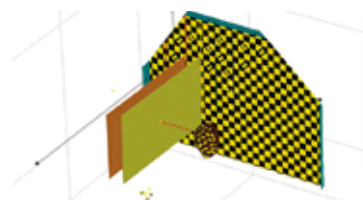
#### WHAT IS YOUR RESPONSIBILITY AT YOUR PLACE OF WORK?

"I work in the vehicle testing department, and specialize in validation tests of vehicle components and evaluation of functionalities. My daily tasks include conducting assessments of vehicle elements through video analysis in crash tests and other vehicle investigations."

#### WHEN DO YOU USE PRODUCTS FROM IMAGE SYSTEMS?

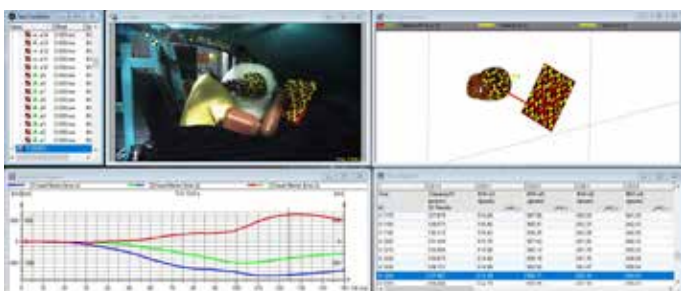
"We carry out crash and skid tests every day in the laboratory to assess the effectiveness of safety systems for the protection of passengers. The precision of the measurements of how a crash test dummy behaves is critical to the success of these tests. We often use sensors in combination with simulation results as a first assessment, but this does not provide a full picture of the reality. To overcome this, we rely on optical measuring instruments, especially TEMA, to calculate crucial data in frontal, side, and rear impact tests."

"In addition, TEMA has proven to be an indispensable tool for us by allowing the import of 3D models of dummy heads and reference targets. This makes it easier to calculate movements for any point on the dummy head, including the center of gravity. In a variety of test scenarios, the TEMA functionality simplifies the measurement process, and calculates whether the test meets the standard or not. Being able to calculate where concealed measurement points are exactly is particularly useful when, for example, an airbag is triggered and obscures the view of the object that interests us. We use this later, and compare reality with our simulation models."



#### WHAT ARE THE ADVANTAGES TEMA BRINGS TO YOUR WORK?

"The protection of passengers is of crucial importance for a car safety rating. Traditionally, assessing the protection offered to adult drivers and passengers of vehicles involved the use of sensors without accurate motion and distance measurements. This conventional method required extensive time and resources to be able to carry out simulations and crash tests in order to improve the performance of protective products. TEMA makes this process easy by providing accurate dummy head data, which makes it possible for us to effectively validate the performance of key products and simulations. TEMA's capabilities extend to measuring data that sensors alone cannot provide, simplifying the safety testing process and significantly streamlining our tasks."



**tema**  
TRACKEYE MOTION ANALYSIS





## OUR EMPLOYEES



A company is nothing more than its employees. To strengthen the future competitiveness of Image Systems, we must remain at the forefront of technology. Our employees, through their skills, drive, and commitment, create the conditions for our Group to continue its growth and profitability in the future.

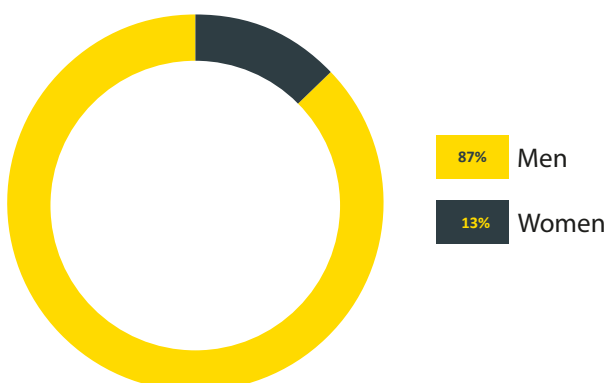
Image Systems currently has a total of about 70 employees, around 50 in RemaSawco and 20 in Motion Analysis. Our business units are strongly engineer-driven and operate in markets requiring a high level of technical knowledge and an understanding of our customers' challenges.

We work to ensure that every employee can have a career within the Group that strengthens both the individual and the competitiveness of the Company. One way we do this is by continuously developing our employees individually and in groups. An equally important part of creating competitiveness, now and in the future, is that we offer a sustainable working environment. Each employee should also have clear expectations about the targets to be met. We believe that responsibility in what is small leads to success in what is big.

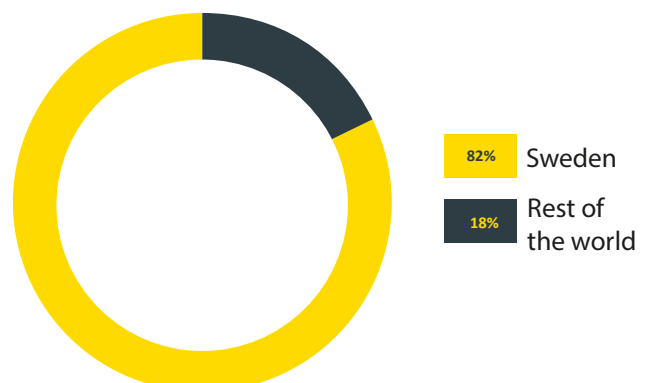
At Image Systems, we believe that a diverse workplace increases creativity and fosters innovation, which leads to development and a successful company. We believe this, together with an inclusive culture where everyone feels welcome, results in increased employee engagement, well-being, and performance.

### EMPLOYEES

PROPORTION OF WOMEN AND MEN



EMPLOYEES BY COUNTRY





**Who is Johan Skog and when did you start working at RemaSawco?**

"I live with my wife, three children, and a dog, near the Campus area in Skellefteå, where RemaSawco has its local office. I have worked at RemaSawco since 2018, but before then I had collaborated with RemaSawco in various ways since 2003, through my research role in wood technology at RISE."



**What was it that made you choose to study wood technology?**

"I first studied for a master's degree in technical physics, and took courses in X-ray technology and programming, among others. At the time, I had no thoughts at all about working with wood, but as part of my education I did an internship at the research institute RISE (then Trätek). RISE and RemaSawco (then Rema) had jointly developed an x-ray measurement system for timber, and my internship was to help convert the x-ray image analysis software to a more modern software platform. I thought it was really interesting, and it was fun to be able to use my knowledge in such a specific area and to really see that the results were of a tangible benefit to the industry. In addition, we were able to help sawmills use the timber in a better way. Some time after my education, I was offered a research position at RISE, where I worked a lot with measurement technology for the sawmill industry, and above all how X-ray technology can be used to make sawmills more efficient."

**And now you work at RemaSawco with two others with PhDs in technology**

"Exactly. You could say that the circle is closed; what started as a student project based on RemaSawco's X-ray system ended with me being employed at RemaSawco 15 years later – where I now work as Product Manager for the timber measurement products. There are often many tasks to juggle as Product Manager. It encompasses everything from customer contact and keeping up to date with technology development and market needs, to planning and prioritizing various development projects. One way of looking at it is that I get to implement my previous research area in a very specific way, and make sure that the results

are transformed into products that can be useful to the industry. It feels good to work at RemaSawco; we are a fantastic team driving development forward together. I am joined locally here in Skellefteå by two more RemaSawco-employed doctoral researchers, Magnus Fredriksson and Linus Hägg, so there are usually many exciting discussions about technology and product development. Magnus is the Product Manager for saw line products and optimization, he also works part-time at the wood research department at Luleå University of Technology. Linus has a doctorate in computational science and works, among other things, with algorithm development in our timber products, machine learning and AI."

**RemaSawco is involved in a number of research projects linked to wood technology and innovation, including an EU project. Can you tell us more about that?**

"That's correct. Right now, we are involved in a few different research projects, the largest of which is called BASAJAUN, and is an EU project with 30 partners from 12 different countries and a total of 10 million Euros in research grants. The core of the project is to connect and streamline the entire timber value chain, and RemaSawco's role relates to technology to connect the production chain through the sawmill. We were also responsible for the architecture of the digital tools developed within the project."

**How do you see future development within the wood industry, and how it will impact RemaSawco?**

"One trend that has been ongoing for a long time, and which we believe will only continue to intensify, is a more efficient use of the raw material. It involves not only increased requirements for measurement accuracy in the sawmill process, but also the need for tools which enable you to make the right decision from the get-go (which products each log is best suited for), as well as to follow each log throughout production to ensure that the right decision is taken at every stage of the manufacturing process."

As each log is followed through the sawmill, it also becomes possible to feed back the final results to constantly fine-tune and improve the production process. These are areas where RemaSawco has extensive knowledge, and has been a driving force for a long time, and I can see that there will be an increased demand for the type of products we offer. Another technology trend right now is AI, which makes it easier to analyze both images and large amounts of data. AI is also a focus area for us at RemaSawco, and in the future we will see new tools and products that enable even more sophisticated production control."



**Who is Magnus Olsson and when did you start working at Image Systems?**

"I come originally from Skåne, and became interested in natural science subjects early on. During the 80s, theoretical particle physics became a hot topic at the forefront of physics, and I chose to do a PhD in this field. From that point, it wasn't actually such a huge step to start at Image Systems as you might think, as they were looking for personnel with a high degree of expertise in mathematics, advanced computer calculations, and algorithm development, which was also part of the research work. This was 30 years ago, and my first tasks consisted of developing the company's 3D calculation module, where we still actually use sub-components from what I developed then."

**Please share a little about your 30-year journey at Image Systems**

"When I started, the company had just decided to develop a new platform for TrackEye®, which at that point consisted of hardware for image processing. It's a little comical that we are now planning to replace the platform I helped develop with a brand new one. Being part of and working with the cutting edge of technology is very exciting. We were initially a small company where everyone did everything and, above all, sold to European customers, we are now a company that sells to the entire world. We have developed our organization, and I think we have improved both our processes and quality. This has made the time from design to implementation of new functionality progress much faster than before."

**What made you stay at the company?**

"Being part of a smaller team working on a 'big' product has always been attractive to me. Many of us feel a great responsibility to keep the product at the forefront of what today's technology makes possible. I have continually had the opportunity to develop my skills and solve very challenging problems. What's more, I appreciate the entrepreneurial spirit found in the company, and the fact we are a close-knit team."

**What do you believe will be important for the company in the future?**

"We are developing software that is actually a toolbox, in order to be able to measure movements in high-speed film, intended for a variety of applications. I believe that in the long run, our customers will demand more easy-to-use systems instead of engineering tools. Therefore, we are now focusing on, among other things, evaluating how we can implement 'Deep Learning' in order to automate and simplify the use of our products. At the same time, I look forward to us continuing to create new measurement technology models so that we can develop and adapt our products to new applications and markets."



# SUSTAINABILITY WORK



In order to provide security for customers, shareholders, employees, and other stakeholders, it is important for Image Systems to weave sustainability aspects into our operations. With our offering of products and services in high-resolution image processing and non-contact measurement technology, we are positively impacting society by optimizing the use of our natural resources and improving safety in a number of areas such as crash safety in the automotive industry.

**THE UN GLOBAL SUSTAINABLE DEVELOPMENT GOALS ARE THE WORLD'S COMMON 2030 AGENDA**  
The Company supports the UN Global Sustainable Development Goals. We have selected three areas where we think we can make the most impact. These are linked to Equality, Sustainable Industry, and Decent Working Conditions. Several topics, such as gender equality and the fight against corruption, are common to all companies. Besides these basic responsibilities, we focus on the goals where our business activities have the greatest potential for impact. Collaboration is the key to new knowledge, capacity-building, and a broader understanding for the realization of sustainable business.

The Global Goals, introduced in 2015, reinforce this direction. Initiatives such as the Global Goals contribute to new knowledge, and regulatory and technological developments, which ultimately lead to changes in market demand. Below we present how we develop our business and operations to make a difference.

**RESPONSIBILITY FOR EMPLOYEES AND CUSTOMERS**  
The most important resource of Image Systems is our employees, and we want to create a corporate culture that promotes innovation, participation, and cohesion. We strive to be an interesting and attractive employer so that our employees are happy and want to stay and grow with us, while we also want to attract the best talent. We continuously monitor the well-being and work situation of our employees.

The Image Systems Group's business offering is innovative non-contact measurement systems for various applications. Our two business units target completely different customer segments. However, all our customers are looking for more accurate and precise measurement results, whether to optimize the utilization of a log to the maximum number of boards or to maximize the safety of new vehicles through crash test measurements. We strive to be at the forefront of technology, offering our customers the most cost-effective and reliable measurement system on the market and providing long-term and future-proof solutions.

Image Systems' non-contact measurement technology strengthens our customers' sustainability efforts and allows them to ensure quality and certification of their products in a resource-efficient way. Rema-Sawco offers its customers optimization and strength certifications that reduce wood product waste. Motion Analysis offers tools for non-contact testing of the properties of different materials without affecting the test material. We can offer plenty of new optimization opportunities through data from different measurement points analyzed and processed in our softwares.

Customer satisfaction is also a central issue in Image Systems' operations. We want to build strong and long-term relations with our customers where all employees of our Company are involved, such as sellers, technicians, and developers, as well as aftermarket and service. By acting responsibly in all relations and assignments, we see ourselves as a responsible business partner. The Group companies conduct regular customer satisfaction surveys annually.

**FINANCIAL AND ENVIRONMENTAL RESPONSIBILITY**  
In order for the Company to develop properly, Image Systems has several profitability goals. To achieve these, we need to make optimal use of our resources. Image Systems has a well-developed financial follow-up and planning to be able to monitor goal fulfillment.

The direct environmental impact of the Company is relatively small and mainly includes business travel, company cars, heating and cooling of the Company's office premises, and the purchase of office equipment. Telephone and video conferences are widely used to reduce traveling. For product development, Image Systems mainly uses computers and various measuring instruments, which have a relatively short lifespan. End-of-life products are returned for recycling.



## THREE SELECTED SUSTAINABILITY AREAS



Image Systems strives to be environmentally responsible, and the UN Sustainable Development Goals guide us as a basis for setting environmental targets in our operations. In 2020, the Company identified several measurable targets to be able to monitor its environmental impact in the future continuously. In 2021, a Group-wide Code of Conduct was implemented to further strengthen the work on legal and regulatory compliance.

5 JÄMSTÄLLDHET



### ACHIEVING GENDER EQUALITY AND EMPOWERING WOMEN AND GIRLS

Image Systems is actively working to attract and recruit more employees. We promote the UN's gender equality goals in recruitment. As an employer, we should promote equal opportunities and equal treatment for our employees. Discrimination on the basis of gender and other discrimination is never acceptable, and Image Systems places great emphasis on ensuring that there is no discrimination in employment, setting wages, career development, dismissal, or retirement. A long-term goal for Image Systems is an even gender distribution in the Company.

8 ANSTÄNDIGA ARBETSVILLKOR OCH EKONOMISK TILLVÄXT



### PROMOTING LONG-TERM, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT WITH DECENT WORKING CONDITIONS FOR ALL

Image Systems works with a large number of customers around the world to meet their needs and strengthen their position to become more competitive. In this way, we seek to contribute to sustained economic growth as set out in UN Goal 8. With our technical solutions, we want to promote a safe and secure working environment for our customers and our own employees. We should be a stable and responsible employer offering good working conditions and development opportunities.

9 HÅLLBAR INDUSTRI, INNOVATIONER OCH INFRASTRUKTUR



### BUILDING RESILIENT INFRASTRUCTURE, PROMOTING INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION, AND FOSTERING INNOVATION

Image Systems aims to be an organization at the forefront of technology and act partly as a benchmark for the digitalization of the sawmill industry and partly to remain the de facto standard for measurement and analysis of rapid events such as car crash, missile, and aircraft tests. For us, the precise non-contact measurement systems and our digital solutions are a step toward more resource-efficient and sustainable industries. One area where we think we have an important sustainability role is the sawmill industry. Wood products are a sustainable building material, and demand in the construction industry is growing. Through the measurement technology of Image Systems and the optimization of timber use, wood materials are produced with less waste and higher quality. Motion Analysis contributes to this goal in various ways, including playing an important role in testing roadworthy and crashworthy vehicles.



# SHARE AND OWNERSHIP STRUCTURE



Image Systems is listed on Nasdaq Stockholm, Small Cap, since 1999 under the ticker IS.

## OWNERSHIP STRUCTURE

Ownership in Image Systems, according to Euroclear's register as of December 29, 2023, is shown in the table below. The ten largest shareholders held 76 percent of the shares. The total number of shareholders amounts to 4,509.

Shareholder	Number of shares	Percentage of votes and capital, %
Thibia Konsult	28,538,181	32.0
Thomas Wernhoff	14,000,000	15.7
Hans Malm	7,551,340	8.5
LMK Forward	5,544,610	6.2
Avanza pension	5,097,247	5.7
Anders Fransson	1,692,878	1.9
Gunvald Berger	1,637,230	1.8
Per Anders Thorsell	1,477,622	1.7
Hans Olsson	1,094,838	1.2
Dnb Luxembuorg	1,077,142	1.2
Others	21,496,730	24.1
Total	89,207,818	100.0

As far as the Board of Directors of Image Systems is aware, there are no shareholder or other agreements and equivalent agreements between any of the Company's shareholders aimed at joint influence over the Company, or that may lead to a change of control over the Company.

## SUBSCRIPTION WARRANTS

The 2021 Annual General Meeting resolved on an incentive program consisting of 2,000,000 warrants expiring on August 31, 2024, with an exercise price of SEK 2.0. Upon full utilization, the Company's share capital will increase by SEK 210,000.00 and equity by MSEK 4.0.

The 2023 Annual General Meeting resolved on an incentive program consisting of 2,020,000 warrants expiring on August 31, 2026 with an exercise price of SEK 2.835. Upon full utilization, the Company's share capital will increase by SEK 52,520.00 and equity by MSEK 5.7.

## DIVIDEND POLICY

According to the dividend policy formulated by the Board of Directors, the size of future dividends should take into account Image System's long-term growth and profit performance, as well as capital requirements with regard to financial targets. The Board's long-term objective is to propose to the Annual General Meeting to distribute approximately 20 percent of Image Systems' profit after tax. The Company has so far not paid any dividends to its shareholders.

## TRADING IN THE IMAGE SYSTEMS SHARE

The Image Systems share has been traded on the stock market since April 28, 1999. The share is listed on NASDAQ Stockholm in the Small Cap segment and the Technology sector. The Company's ticker is IS. The closing price on December 29, 2023 was SEK 1.45, corresponding to a market capitalization of approximately MSEK 129.4. In total, approximately 26.2 million shares were traded during the twelve-month period January 1 – December 31, 2023, corresponding to an average turnover per trading day of approximately 104,404 shares. The lowest price paid during the 12-month period was SEK 0.77 on November 10, 2023 and the highest price paid was SEK 2.23 on February 20, 2023.

## SHARE PRICE PERFORMANCE

The graph below shows the share price performance until December 29, 2023. The curve shows the share price and the bars the number of shares traded per day.

## SHARE PERFORMANCE AND TRADING VOLUME 2021–2023



## SHARE CAPITAL

The share capital as 2023-12-31 in Image Systems amounts to SEK 8,920,781.80, divided into 89,207,818 shares with a quota value of SEK 0.10 per share. According to Image Systems' Articles of Association, the share capital shall amount to a minimum of SEK 8,500,000 and a maximum of SEK 34,000,000. The number of shares shall be not less than 85.0 million and not more than 340.0 million.

All issued shares are fully paid up and carry equal rights to the Company's assets and profits, and entitle the holder to one vote. In the case of a liquidation of the Company, shareholders are entitled to a share of the surplus in proportion to the number of shares they hold.

The shares in Image Systems have been issued under Swedish law and are denominated in Swedish kronor (SEK). The shares are registered in electronic form and are accounted for by Euroclear Sweden AB according to the reconciliation provision in the Articles of Association. Share certificates are not issued. There are no restrictions on the transferability of the shares. The Company's share is neither subject to an offering made as a result of a mandatory bid, redemption right, or redemption obligation.

## SHARE CAPITAL PERFORMANCE

The share capital and the number of shares have changed since 2009 as shown below:

Year	Transaction	Change in shares	Total number of shares	Quota value, SEK	Change in share capital, SEK	Total share capital, SEK
2009	New share issue	220,553,208	261,308,263	0.10	22,053,320.80	26,130,826.00
2009	Conversion of convertibles	1,885,092	263,193,355	0.10	185,509.20	26,319,335.50
2009	Exercise of subscription warrant	2,618,201	265,811,556	0.10	261,820.10	26,581,155.60
2010	New share issue	354,415,408	620,226,964	0.10	35,441,540.80	62,022,694.40
2010	Directed issue	27,495,640	647,722,604	0.10	2,749,564.00	64,772,260.40
2011	Offset	396	647,723,000	0.10	39.60	64,772,300.00
2011	Reverse share split 1:100	-641,245,770	6,477,230	10.00	0.00	64,772,300.00
2011	Reduction in share capital	0	6,477,230	2.50	-48,579,225.00	16,193,075.00
2011	New share issue	21,590,766	28,067,996	2.50	53,976,915.00	70,169,990.00
2011	Set-off issue	4,856,386	32,924,382	2.50	12,140,965.00	82,310,955.00
2011	Issue in kind	6,519,566	39,443,948	2.50	16,298,915.00	98,609,870.00
2011	Reduction in share capital	0	39,443,948	0.25	88,748,883.00	9,860,987.00
2012	New share issue	118,331,844	157,775,792	0.25	29,582,961.00	39,443,948.00
2012	Issue in kind	18,679,245	176,455,037	0.25	4,669,811.25	44,113,759.25
2013	Reduction in share capital	0	176,455,037	0.10	-26,468,255.55	17,645,503.70
2013	Reduction in share capital	0	176,455,037	0.08	-3,529,100.74	14,116,402.96
2013	New share issue	705,820,148	882,275,185	0.05	28,232,805.92	42,349,208.88
2013	Reduction in share capital	0	882,275,185	0.04	-7,058,201.48	35,291,007.40
2014	New share issue	15	882,275,200	0.04	0.60	35,291,008.00
2014	Reverse share split 1:100	-873,452,448	8,822,752	4.00	0.00	35,291,008.00
2015	Reduction in share capital	0	8,822,752	0.10	-34,408,732.80	882,275.20
2015	New share issue	29,409,170	38,231,922	0.10	2,940,917.00	3,823,192.20
2018	New share issue	50,975,896	89,207,818	0.10	5,097,586.60	8,920,781.80

# CORPORATE GOVERNANCE REPORT



## CORPORATE GOVERNANCE

Image Systems AB is a public limited liability company and is governed by Swedish law, primarily the Swedish Companies Act and the NASDAQ Stockholm AB's Rulebook for Issuers. In addition, account is taken of the self-regulation by the Swedish business community, where the Swedish Corporate Governance Board has drawn up the Swedish Code of Corporate Governance (the Code). Apart from legislation and self-regulatory recommendations and rules, the basis for the governance of the Company's operations are the Articles of Association. The Articles of Association state where the Board of Directors is headquartered, the Company's business direction, rules regarding the general meeting, information on the class of shares and share capital, etc. Image Systems' Articles of Association are available on the Company website, [www.imagesystemsgroup.se](http://www.imagesystemsgroup.se). Image Systems applies the Code and reports no deviations from the Code in 2023. The Corporate Governance Report has been reviewed by the Company's auditors.

### SHARE HOLDERS

Image Systems has been listed on Nasdaq Stockholm since 1999. At the end of 2023, the number of shareholders in Image Systems amounted to 4,165. The ten largest shareholders accounted for around 76 percent of the votes and capital. A table of the ten largest owners of the share capital and further information on the share performance in 2023 can be found on pages 22 and 23 of the Annual Report.

### GENERAL MEETING

The general meeting is the highest governing body of Image Systems and is convened in Linköping or Stockholm once a year before the end of June. Notice of an Annual General Meeting shall be published not earlier than six weeks and not later than four weeks before the meeting, and of an Extraordinary General Meeting not earlier than six weeks and not later than three weeks before the meeting. Notice shall always be published in "Post- och Inrikes Tidningar" and on the Company's website. An announcement that notice has been provided shall be made in "Dagens Industri." All necessary documents for the meeting are available on the website.

Shareholders who wish to have a matter addressed at an Annual General Meeting must submit a written request to the Board of Directors

in sufficient time for the matter to be included in the notice of the meeting. The Company's Articles of Association do not contain any restrictions on how many votes each shareholder can cast at the general meeting. All shareholders registered in Euroclear Sweden's shareholder register who have notified the Company of their participation in time are entitled to participate in the meeting and vote for their total holding of shares. A shareholder's assistant may attend the meeting if the shareholder so requests.

### ANNUAL GENERAL MEETING 2023

The 2023 Annual General Meeting for the financial year 2022 took place on May 4, 2023. The AGM was conducted by postal voting under regulations in force at the time. The AGM was attended by shareholders representing a total of 56.2% of the votes and capital. Minutes were available on the website on May 16, 2023. The 2023 AGM decided, among other things, on the following:

- Profit and loss accounts and balance sheets of the Company and the Group were adopted.
- No dividend was paid for the past financial year. The retained earnings of MSEK 96.2 were carried forward.
- The Board of Directors and the Chief Executive Officer were discharged from liability.
- The AGM resolved in accordance with the Nomination Committee's proposal that the Board shall consist of six (6) Directors without deputies for the period until the end of the next AGM.
- The AGM decided that remuneration of SEK 195,000 shall be paid to the Chairman of the Board and SEK 130,000 to each of the other Directors elected by the meeting. The Chairman of the Audit and Remuneration Committee also receives a special remuneration of SEK 65,000. The meeting decided that the auditor's remuneration shall be paid in accordance with the approved invoice.
- The AGM decided to re-elect the Directors Anders Fransson (Chairman), Catharina Lagerstam, Annika Ölme, Jan Molin, Matilda Wernhoff, and Jörgen Hermansson.

- The AGM decided to appoint the accounting firm PricewaterhouseCoopers as auditor, with authorized auditor Nicklas Kullberg as auditor-in-charge.
- The AGM decided to approve the remuneration report.
- The AGM decided to approve the Board's proposal for an incentive program for key personnel.
- The AGM decided to approve the amendment of the Articles of Association.
- The AGM resolved on an issue authorization in accordance with the Board's proposal.

#### NOMINATION COMMITTEE

The 2023 Annual General Meeting decided that the Chairman of the Board is tasked with appointing a Nomination Committee in consultation with the Company's larger shareholders for the 2024 AGM. The Nomination Committee shall consist of three members appointed by each of the three largest shareholders in terms of votes, as shown in the share register maintained by Euroclear Sweden AB as of September 30, 2023. The Nomination Committee appoints a Chairman from among its members.

If any of the shareholders waive the right to appoint a representative, the next largest shareholder in terms of votes shall appoint a representative. The majority of the Nomination Committee Directors shall be independent of the Company and its management.

The Nomination Committee shall appoint a Chair from among its members. The Chairman of the Board may not chair the Nomination Committee. The Nomination Committee's term of office extends until a new Nomination Committee has been appointed. Where an already appointed Director resigns from the Nomination Committee, the shareholder who appointed the resigning Director shall appoint a replacement. The Nomination Committee receives no remuneration from the Company but is entitled to receive reasonable compensation from the Company for expenses incurred in relation to evaluation and recruitment.

The composition of the Nomination Committee was announced on Image Systems' website and published on October 31, 2023. The Nomination Committee consists of Hans Karlsson (Chairman) representing Tibia Konsult AB, Thomas Wernhoff (own holding), and Hans Malm (own holding).

#### THE WORK OF THE NOMINATION COMMITTEE

The Nomination Committee's tasks include:

- Evaluating the composition and work of the Board.
- Preparing proposals to the Annual General Meeting for election of the Board of Directors and Chairman of the Board.
- In collaboration with the Company's Audit Committee, preparing proposals for the AGM regarding the election of auditor.
- Preparing proposals for the AGM regarding the remuneration of the Board of Directors, divided between the Chairman and the other Directors, and any remuneration for committee work and the fees of the auditors.
- Preparing proposals to the AGM regarding the Chairman of the AGM.
- Preparing proposals for policies on appointing the next Nomination Committee.
- Performing the assignments that from time to time are incumbent on the Nomination Committee in accordance with the Swedish Code of Corporate Governance.

The Nomination Committee's proposal, report on the Nomination Committee's work for the AGM 2024, and additional information on the proposed Directors shall be presented in the notice to the AGM 2024 and on the Company's website, [www.imagesystemsgroup.se](http://www.imagesystemsgroup.se).

#### BOARD OF DIRECTORS

##### Role of the Board

According to the Swedish Companies Act, the Board of Directors is responsible for the organization of the Company and the management of its affairs. The Board's duties include assessing the Company's financial situation, monitoring its work on an ongoing basis, establishing rules of procedure, appointing a CEO, and specifying the division of tasks.

In addition to what is stated in the Swedish Companies Act, the Board shall develop the Company's strategy and business plan in such a way that the longterm interests of the shareholders are met in the best possible way.

The Board should also provide positive support and guidance to management. The Board of Directors is appointed by the shareholders at the Annual General Meeting with a term of office from the AGM until the end of the next AGM. According to the Articles of Association, the Board of Image Systems shall consist of a minimum of four and a maximum of eight Directors and a maximum of four deputies. All Directors are elected by the shareholders at the AGM for the period until the end of the next AGM. Board decisions are only valid if more than half of the elected Directors agree. The 2023 AGM re-elected Anders Fransson, Catharina Lagerstam, Annika Ölme, Jan Molin, Matilda Wernhoff, and Jörgen Hermansson. Anders Fransson was elected Chairman of the Board. No deputies were elected.

#### RULES OF PROCEDURE

The rules of procedure and instructions on the division of tasks between the Board and the CEO are evaluated, updated, and adopted annually. If the Board sets up committees from among its Directors, the Board's rules of procedure shall specify which tasks and decision-making powers the Board has delegated to the committees and how the committees shall report to the Board. The Board shall annually evaluate its own procedures and efficiency. Relevant results have been reported to the Nomination Committee. At least once a year, the Board shall specifically evaluate the performance of the Chief Executive Officer. No member of the Company's management may be present when this matter is discussed.



## COMPOSITION OF THE BOARD OF DIRECTORS

Director	Elected	Nationality	Number of meetings attended	Remuneration, KSEK	Relation to Company	Relation to owners
Anders Fransson, Chairman	2020	Swedish	9/9	195	independent	dependent
Jörgen Hermansson	2022	Swedish	9/9	130	independent	independent
Catharina Lagerstam	2018	Swedish	9/9	195	independent	independent
Jan Molin	2022	Swedish	9/9	130	independent	independent
Matilda Wernhoff	2022	Swedish	9/9	130	independent	independent
Annika Ölme	2019	Swedish	9/9	130	independent	independent

The Board has six ordinary meetings and one statutory meeting per year. The ordinary meetings are held in connection with the submission of quarterly or annual financial statements, as well as a meeting on strategic issues and a meeting in connection with budget work. Furthermore, additional Board meetings are held when necessary. Prior to each meeting, the proposed agenda, including documentation, is sent to all Directors.

In 2023, six ordinary meetings were held and one statutory meeting in conjunction with the Annual General Meeting. A further special Board meeting was held prior to the convening of the AGM and a second special meeting was held prior to the strategy meeting. All ordinary meetings dealt with strategic matters, the Company's and the Group's financial position and performance, financial reporting and control, personnel and organizational matters, legal matters, and financial market developments. The Company's auditor has attended three of the meetings and presented audit reports. In 2023, all decisions have been unanimous.

## CHIEF EXECUTIVE OFFICER

The Group President and CEO is responsible for the day-to-day management and control of the Group's operations. This includes executing the Group's overall strategy and business management, controlling and compiling financial reporting, allocating financial resources, and being responsible for financing and risk management. The Board's rules of procedure regulate the division of tasks between the Board and the CEO. The Board evaluates the performance of the CEO once a year at a meeting not attended by other members of the Company's management.

## AUDIT COMMITTEE

The Board of Directors has decided that the Board as a whole constitutes the Audit Committee, chaired by Catharina Lagerstam. The Audit Committee shall, without prejudice to the Board's responsibilities and tasks in general,

1. monitor the financial reporting of the Company,
2. with regard to financial reporting, monitor the effectiveness of the Company's internal control, internal audit, and risk management,
3. stay informed about the audit of the Annual Report and Consolidated Financial Statements,
4. review and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides non-audit services to the Company, and
5. assist in the preparation of proposals for the general meeting's decision on the election of auditors.

At least once a year, the Audit Committee meets with the Company's auditor without the presence of the CEO or any other member of management. The Audit Committee met with the Company's auditor four times in 2023. Three of these meetings were attended by the Group's CEO, CFO, and the Chairman of the Audit Committee. One meeting was attended only by the Chairman. The auditor has also presented audit reports to the entire Board on two occasions.

## REMUNERATION

The policies for remuneration of the CEO and other senior executives are proposed by the Board of Directors and regulate fixed annual sal-

ary, variable remuneration, pension, and other benefits. The Annual General Meeting shall then adopt these policies. The Board of Directors of Image Systems has chosen not to appoint a special Remuneration Committee but considers it appropriate that the entire Board fulfills the tasks of the Remuneration Committee, chaired by Catharina Lagerstam. The Remuneration Committee's assessment of the application of the guidelines for remuneration to senior executives adopted by the AGM is available on the Company's website at least two weeks before the AGM. For a more detailed account of the policies applied for 2023 the new guidelines proposed for 2024, see the statutory administration report and note 8.

Decisions on remuneration and other terms of employment for the Chief Executive Officer are made by the Board of Directors. Remuneration and other terms of employment for other senior executives are negotiated and agreed upon with the Chief Executive Officer in consultation with the Chairman of the Board.

## OPTIONS PROGRAM

## Warrant program 2021/2024

The 2021 AGM decided to introduce an incentive program consisting of 2,000,000 warrants, where each warrant gives the right to subscribe for one (1) newly issued share at a price of SEK 2.00 no later than August 31, 2024. The subscription price has been set at SEK 0.105 per warrant through an independent valuation using the Black & Scholes valuation model for warrants and accepted assumptions concerning, among other things, volatility and risk-free interest during the period June 17, 2020 - July 15, 2021. A total of 1,775,000 warrants have been subscribed by senior executives. Upon full subscription, Image Systems' share capital will increase by SEK 200,000.00, resulting in a dilution of approximately 2.2 percent of shares and votes in relation to the total number of existing shares and votes in the Company. The subscription price and the number of shares each warrant entitles the holder to subscribe for may be subject to recalculation due to a bonus issue, split, rights issue, and similar measures, whereby standard recalculation terms shall apply. There are no warrants, convertibles, or corresponding securities that can lead to additional shares in Image Systems other than what is described above.

## Warrant program 2023/2026

The 2023 AGM decided to introduce an incentive program consisting of 2,020,000 warrants, where each warrant gives the right to subscribe for one (1) newly issued share at a price of SEK 2.835 no later than August 31, 2026. The subscription price has been set at SEK 0.026 per warrant through an independent valuation using the Black & Scholes valuation model for warrants and accepted assumptions concerning, among other things, volatility and risk-free interest during the period June 22, 2023 - July 6, 2023. A total of 1,710,000 warrants have been subscribed by senior executives. Upon full subscription, Image Systems' share capital will increase by SEK 52,520.00, resulting in a dilution of approximately 2.2 percent of shares and votes in relation to the total number of existing shares and votes in the Company. The subscription price and the number of shares each warrant entitles the holder to subscribe for may be subject to recalculation due to a bonus issue, split, rights issue, and similar measures, whereby standard recalculation terms shall apply. There are no warrants, convertibles, or corresponding securities that can lead to additional shares in Image Systems other than what is described above.

## AUDITOR

The Annual General Meeting appoints the auditor with the task, on behalf of the shareholders, of auditing the Company's Annual Report and Consolidated Financial Statements and the administration of the Board of Directors and the Chief Executive Officer. The 2023 Annual General Meeting elected PricewaterhouseCoopers AB as the auditor for the period until the 2024 AGM. Nicklas Kullberg is the auditor-in-charge. In addition to his assignment at Image Systems, he is an auditor at Proact IT Group AB, Softronic Aktiebolag, and Enea Aktiebolag.

## ASSESSING THE NEED FOR INTERNAL AUDIT

Image Systems is a small Group with about 70 employees. Image Systems lacks complex features that are hard to analyze. The need to introduce an internal audit function in Image Systems is therefore to be considered minor. Against this background, the Board has resolved not to establish an internal audit function.

## INTERNAL CONTROL

According to the Swedish Companies Act, the Board of Directors is responsible for the Company's internal control. This work is mainly done through effective and structured Board work and by delegating responsibility to the Chief Executive Officer. The internal control regarding the financial reporting is based on how the business is conducted and how the organization is structured. Powers and responsibilities are documented and have been communicated in documents such as internal guidelines and manuals. This applies, for example, to the division of tasks between the Board of Directors, the Chief Executive Officer, and the other bodies set up by the Board, instructions for the right of attestation, and accounting and reporting instructions. The aim of this is also to reduce the risk of impropriety and undue favoritism to another party at the expense of the Company. In the internal control regarding financial reporting, each individual company is assessed separately.

## THE BOARD'S REPORT ON INTERNAL CONTROL

Image Systems AB applies and complies with the requirements for internal governance and control according to Swedish legislation (ABL and ÅRL) and the Swedish Code of Corporate Governance (the Code). This report has been prepared in accordance with the regulations, the Code, and the guidance produced jointly by FAR and the Confederation of Swedish Enterprises. The report is limited to a description of how internal control regarding financial reporting is organized.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

The internal governance and control process involves the Board, the Chief Executive Officer, the management team, and other personnel. The process aims to ensure the Group's objective of having effective and efficient processes, to provide reasonable assurance on the reliability of the external financial reporting and that it is prepared in accordance with applicable laws and regulations. The following description of the internal control regarding financial reporting is broken down according to the above-mentioned internal control framework.

## RISK ASSESSMENT

Image Systems conducts an annual financial reporting risk assessment to identify and evaluate processes and income statement and balance sheet items with higher risk. The risk assessment is based on a number of criteria, such as materiality, complexity, and risk of fraud. For more information on the Group's risks, see note 3 on pages 49–52.

## CONTROL ENVIRONMENT

Image Systems' control environment is based on and governed by the strategy, business plans, and operational objectives approved by the Board of Directors. It also includes Group policies and guidelines in several areas, such as delegating authority from management to personnel.

## CONTROL ACTIVITIES

Control activities are performed at different levels in Image Systems. Group management is ultimately responsible for the implementation and execution of controls at both the overall and detailed levels of operations. This is done through ongoing management and control of accounting and financial reporting, which is carried out by the finance functions in the local companies and centrally upon consolidation. Analyses of indicators, capital tied up, forecasts, and budgets are conducted on an ongoing basis. The finance function is organized and

staffed based on the need to ensure that the Group maintains high accounting standards and complies with IFRS and other accounting standards.

## INFORMATION AND COMMUNICATION

Image Systems' external and internal information and communication in the form of financial reporting and information to the Board and employees is carried out in accordance with external requirements and Image Systems' internal documents and policies. This implies, among other things, that all external and internal information and communication shall be effective, timely, accurate and available to target groups in due time.

## INTERNAL INFORMATION

Internal policies and guidelines on financial reporting are available to the personnel concerned. The documents contain policies and instructions regarding financial reporting, internal control, financial statements, budgets, and forecasts. The Board receives regular feedback on financial reports and profit development, analyses, and comments on outcomes, plans, and forecasts. It also receives feedback from the external auditors when they report on the results of their audits.

## EXTERNAL INFORMATION

Ongoing information is communicated to external stakeholders on the Image Systems' website, which contains publications, quarterly reports, and other financial information, press releases, and information about the organization and products.

## MONITORING

Image Systems' monitoring of the Group companies includes monthly and quarterly monitoring of performance against budget and forecast. Regular monitoring and reporting of operations are carried out at various levels by the Board of Directors, CEO, and Group management. The reports and opinions of the external auditors are also monitored to improve internal control and minimize the risk of errors in the financial reporting.

Linköping in April 2024

The Board of Directors of Image Systems AB (publ)

# AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

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To the Annual General Meeting of Image Systems AB (publ), reg. no. 556319-4041

## ASSIGNMENT AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Report for 2023 and for preparing it according to the Swedish Annual Accounts Act.

## SCOPE AND ORIENTATION OF THE REVIEW

Our examination was conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and the generally accepted auditing practice in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## OPINION

A Corporate Governance Report has been prepared. Information in accordance with chapter 6, section 6, second paragraph, items 2–6 of the Swedish Annual Accounts Act, and chapter 7, section 31, second paragraph of the same Act is compatible with the Annual Report and the Consolidated Financial Statements, and are in accordance with the Swedish Annual Accounts Act.

Stockholm, April 5, 2024  
PricewaterhouseCoopers AB

Nicklas Kullberg  
Authorized Public Accountant





# STYRELSE



**ANDERS FRANSSON**  
Chairman of the Board

**Born:** 1967  
**Director since** 2020  
**Education:** MSc in Engineering from Lund University of Technology  
**Other assignments:** Senior Investment Manager, Tibia Konsult AB, Board assignments in, among others, CR Competence AB, Invoice Finance AB, Infrasight Labs AB, and ProRenata AB  
**Previous experience:** Chairman of the Board and Director of Invoice Finance AB, Billmate AB, Lime Technologies AB, Grade, Mashie, and Nordic Family Group. Previously active as CEO and business unit manager in growth-oriented software companies such as Bisnode and Lime Technologies.  
**Independent of Company and management:** Yes  
**Holdings in Image Systems:** 1,692,878 shares



**CATHARINA LAGERSTAM**  
Director

**Born:** 1962  
**Director since** 2018  
**Education:** MBA, MSc in Engineering, and PhD from Stockholm School of Economics  
**Other assignments:** Chairman of EMPE Diagnostics, ApiRay Bioscience; Director of ICA Försäkring, Quaestus, Phoenix Biopower  
**Previous experience:** Professional Director in various banking and insurance companies and start-ups. Independent advisor and private investor. Held several leading roles within national and international companies.  
**Independent of Company and management:** Yes  
**Holdings in Image Systems:** 65,000 shares



**JAN MOLIN**  
Director

**Born:** 1966  
**Director since** 2022  
**Education:** MSc in Engineering and BSc in Business Administration  
**Other assignments:** Self-employed in Business Development  
**Previous experience:** CEO of Eton Systems and Puregas. Management Consultant and Supply Chain Manager for Sandvik  
**Independent of Company and management:** Yes  
**Holdings in Image Systems:** 165,000 shares.



**MATILDA WERNHOFF**  
Director

**Born:** 1990  
**Director since** 2022  
**Education:** BSc from Stockholm School of Economics  
**Other assignments:** Chief Strategy Officer at Almiak Group  
**Previous experience:** Associate at McKinsey & Company  
**Independent of Company and management:** Yes  
**Holdings in Image Systems:** -



**ANNIKA ÖLME**  
Director

**Born:** 1973  
**Director since** 2019  
**Education:** MSc in Engineering and MBA  
**Other assignments:** CTO and Senior Vice President, Technology Development, SKF  
**Previous experience:** CTO of Saab's radar business, CEO of Arcam, several leading roles in SKF  
**Independent of Company and management:** Yes  
**Holdings in Image Systems:** -



**JÖRGEN HERMANSSON**  
Director

**Born:** 1968  
**Director since** 2022  
**Education:** Master's Degree, Mechanical Engineering  
**Other assignments:** Director of Mayr-Melnhof Holz Nordic, Chairman of European Wood  
**Previous experience:** Leading roles such as Senior Vice President of Stora Enso and Södra  
**Independent of Company and management:** Yes  
**Holdings in Image Systems:** 175,000 shares

## AUDITOR

The 2022 Annual General Meeting elected PricewaterhouseCoopers AB as the auditor for the period until the 2023 AGM. Nicklas Kullberg is the auditor-in-charge.

## MANAGEMENT



**JOHAN FRIBERG**  
Chief Executive Officer and Group President

**Born:** 1974

**Employed since:** 2011

**Education:** MSc in Materials Engineering from the Institut National Polytechnique de Lorraine, France

**Other assignments:** Director of Centagon and Group subsidiaries

**Previous experience:** CEO of RemaSawco and Motion Analysis, several senior positions within Saab

**Holdings in Image Systems:**

65,316 shares and 300,000 warrants 2021/2024 and 250,000 warrants 2023/2026



**EMILIEN SAINDON**  
Deputy CEO of Image Systems,  
CEO & Business Unit Manager  
RemaSawco

**Born:** 1976

**Employed since:** 2021

**Education:** Civil engineer in Mechanical Engineering at Linköping University

**Other assignments:** -

**Previous experience:** CEO of Flexlink Sweden and UK, several leading positions within Saab and Alstom

**Holdings in Image Systems:**

200,000 warrants 2021/2024 and 200,000 warrants 2023/2026



**OHAD ZANGI**  
Business Unit Manager  
Motion Analysis

**Born:** 1977

**Employed since:** 2014

**Education:** MSc in Electronics at the Holon Institute of Technology, Israel

**Other assignments:** Chairman of ZangiTech, Director of MotionTech Ltd

**Previous experience:** Sales Manager for ATS in high-speed film

**Holdings in Image Systems:**

150,000 warrants 2021/2024 and 200,000 warrants 2023/2026



**LOTTA ÖFVERSTRÖM**  
Finance Manager

**Born:** 1974

**Employed since:** 2011

**Education:** Economist

**Other assignments:** -

**Previous experience:** Group Controller at Nexus Technology AB, Finance Manager at Metrima Energi AB

**Holdings in Image Systems:**

10,333 shares and 100,000 warrants 2021/2024 and 200,000 warrants 2023/2026

## FIVE-YEAR OVERVIEW, GROUP



[MSEK]	2023	2022	2021	2020	2019
<b>EXTRACTS FROM CONSOLIDATED INCOME STATEMENT</b>					
Sales revenue	160.7	171.1	152.2	162.7	206.8
Capitalized development costs	10.0	9.1	6.5	4.5	4.9
Total revenue	170.7	180.2	158.7	167.2	211.7
Gross profit	122.8	123.8	109.7	102.7	123.3
EBITDA	15.5	28.4	19.4	4.6	12.6
Operating profit	-5.3	9.1	0.8	-12.9	-4.4
Net profit for the year	-6.8	8.6	0.1	-18.3	-7.0
<b>EXTRACTS FROM CONSOLIDATED BALANCE SHEETS</b>					
Assets					
Fixed assets	124.2	131.5	139.7	145.5	155.2
Inventories	13.1	13.6	11.9	11.5	10.4
Trade receivables	33.2	20.1	22.1	17.3	44.1
Other current assets	5.9	7.0	15.5	15.2	24.4
Cash and cash equivalents	6.6	22.5	7.1	3.8	3.2
<b>TOTAL ASSETS</b>	<b>183.0</b>	<b>194.7</b>	<b>196.3</b>	<b>193.3</b>	<b>237.3</b>
Equity and liabilities					
Equity	116.0	122.9	114	113.8	132.2
Non-current liabilities and provisions	9.7	14.9	21.7	23.1	23.9
Current interest-bearing liabilities	10.4	9.9	9.8	15.2	38.6
Accounts payable	12.2	12.6	16.1	16.3	15.8
Other current liabilities	34.7	34.4	34.7	24.9	26.8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>183.0</b>	<b>194.7</b>	<b>196.3</b>	<b>193.3</b>	<b>237.3</b>



<b>FINANCIAL INDICATORS</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Order intake, MSEK	150.0	189.0	182.8	135.9	211.0
Order backlog, MSEK	73.3	81.9	72.0	39.0	64.0
Cash flow from operating activities, MSEK	1.7	32.3	15.7	26.1	5.4
Gross margin, %	70	67	68	60	57
EBIDTA margin, %	9.1	15.8	12.2	2.8	6.0
Operating margin, %	neg	5.0	0.5	neg	neg
Profit margin, %	neg	4.4	neg	neg	neg
Return on average capital employed, %	neg	3.2	0.4	-8.9	-2.4
Return on average equity, %	neg	7.0	0.1	neg	neg
Solidity, %	63	63	58	59	56
Debt/equity ratio, times	0.1	0.0	0.1	0.2	0.4
Net debt, MSEK	8.0	-3.7	17.8	27.3	51.5
Net investments in fixed assets, MSEK	11.4	9.8	8.1	17.7	15.6
Depreciation/amortization of fixed assets, MSEK	20.8	19.3	18.6	17.5	17.0
Average number of employees	67	72	82	90	95
Number of shares at the end of the period	89,207,818	89,207,818	89,207,818	89,207,818	89,207,818
Average number of shares	89,207,818	89,207,818	89,207,818	89,207,818	89,207,818
Earnings per share <sup>1</sup> , SEK	-0.08	0.10	0.00	-0.21	-0.08
Cash flow per share <sup>1</sup> , SEK	-0.14	0.22	0.09	0.09	-0.11
Equity per share <sup>2</sup> , SEK	1.30	1.38	1.28	1.28	1.48
Share price at year-end, SEK	1.45	1.72	1.58	1.42	1.55
Dividend per share	-	-	-	-	-

<sup>1</sup>Calculated on the basis of average number of shares

<sup>2</sup>Based on number of shares at end of period



# STATUTORY ADMINISTRATION REPORT

The Board of Directors and the Chief Executive Officer of Image Systems AB (publ) reg. no. 556319-4041 hereby submit the Annual Report for the financial year 2023 for the Parent Company and the Group. The profit/loss of the year for the Parent Company and the Group is shown in the following financial statements to be adopted by the Annual General Meeting on May 8, 2024.

## THE OPERATIONS

Image Systems is a Swedish high-technology company and a leading supplier of products and services based on its core technology in high-resolution image processing. The Company's offerings are aimed at several different markets and operations are conducted in the two business units RemaSawco and Motion Analysis. The Group consists of the Swedish Parent Company and five wholly-owned subsidiaries.

By the end of 2023, Image Systems had 67 employees at offices in Linköping, Nyköping, Västerås, and Skellefteå, and also in Finland, Norway, and France.

The share is listed on NASDAQ Stockholm (Small Cap) under the ticker IS. For further information, visit our website [www.imagesystemsgroup.se](http://www.imagesystemsgroup.se).

## SIGNIFICANT EVENTS DURING THE YEAR

### Market development

#### RemaSawco

During the year, the sawmills in the Nordics went through a period with a very weak market and faced profitability challenges. This, in turn, negatively affected RemaSawco's order intake for most of the financial year. Market conditions improved somewhat in the fourth quarter, and the business unit then secured a number of major contracts. The business unit continued to implement its focus during the year on optimizing its product offering and improving scalability and services offered.

#### MOTION ANALYSIS

The business unit operated in a developing market during the year. The defense sector, which accounts for more than half of the business unit's sales, saw strong growth, which had a positive impact on Motion Analysis. The business unit's markets can be divided equally regarding turnover between Europe, Asia, and North America, and growth was evenly spread across the geographies.

## RESEARCH AND DEVELOPMENT

### RemaSawco

RemaSawco has made several new releases and upgrades of existing software during the year. In addition, further improvements have been made to the design and functionality of existing products.

### Motion Analysis

Basic development in Motion Analysis during the year focused on the new software platform that is expected to form the basis of the Company's business in the future. When the new platform is launched in its full version, it will be sold as a subscription. A number of customer development projects have been delivered during the year and, at the same time, strengthened the Company's basic offering.

## PERFORMANCE AND FINANCIAL POSITION

### Group

#### Revenue

Sales revenues in 2023 amounted to MSEK 160.7 (171.1). The revenue breakdown by geographical area is shown in the table below.

### Net revenue by geographical area (MSEK)

	2023	2022
North and South America	14.7	12.1
Europe	133.1	146.1
Asia, Oceania, and Africa	12.9	12.9
<b>TOTAL</b>	<b>160.7</b>	<b>171.1</b>

### Gross margin

For 2023, gross profit amounted to MSEK 122.8 (123.8), corresponding to a gross margin of 70 (67) percent. Production is mainly outsourced to subcontractors, which provides significant flexibility and the ability to scale operations according to changing sales volumes.

### Indirect costs

Other external costs for 2023 amounted to MSEK 36.7 compared to MSEK 26.5 for 2022. This increase is mainly due to the increased use of consultants in both business units. Personnel costs amounted to MSEK 70.0, compared to MSEK 69.7 for 2022. Depreciation/amortization, according to plan, was charged to profit or loss in the amount of MSEK 20.8 (19.3) and mainly relates to depreciation/amortization of consolidated excess value arising from the acquisitions of RemaSawco AB and RemaSawco OY and depreciation/amortization of previously capitalized development costs. Other operating income refers to currency differences.

### Operating profit

The operating profit for 2023 amounted to MSEK -5.3 (9.1), a deterioration of MSEK 14.4. The Group is burdened with a one-off cost of MSEK 2.3 relating to the RemaSawco business unit.

### Net financial items

Net financial items for 2023 amounted to MSEK -2.1 (-1.1). The Group was burdened by a one-off item related to the divestment of the former Digital Vision business unit of MSEK 1.4.

### Net profit for the year

Profit after tax for the year amounted to MSEK -6.8 (8.6), which was a deterioration of MSEK 15.4 compared with the previous year. This deterioration is attributable to the weak market development in the RemaSawco business unit. The tax expense amounted to MSEK 0.6, which arises from the reversal of tax on customer relationships in RemaSawco Oy.

### Investments in intangible assets

The Group's investments in fixed assets in 2023 amounted to MSEK 10.8 (9.8). The investments relate to capitalized development costs for projects in the Group's subsidiaries.

### Cash flow, liquidity, and financial position

Available cash and cash equivalents including the undrawn part of the overdraft facilities amounted to MSEK 20.1 (38.2) as of December 31, 2023. The solidity at the turn of the year was 63 (63) percent and equity amounted to MSEK 116.0 (122.9). Operating cash flow amounted to MSEK -12.9 (19.9). Net indebtedness amounted to 0.1 (0.0) times.

### Currency exposure

Image Systems has foreign currency exposure. Sales are made in SEK, USD, and EUR.

The costs are mainly incurred in SEK and EUR, resulting in economic exposure to the Swedish krona (SEK). Hence, the Group has a significant currency exposure. See also note 3.

#### Risks and uncertainties

The Group operates in a global market with a significant competitive situation, which requires the Company to continue developing competitive products. To achieve this, the Company must be able to recruit and retain key personnel. The Group's significant risks and uncertainties include business risks associated with contracts with customers and suppliers and other external factors such as risks in changing exchange rates or in connection with external uncertainties such as the war in Ukraine. Access to liquidity can also represent a risk factor; insufficient cash flow would quickly deteriorate the financial position, see further note 3.

#### Parent Company

The Parent Company's net sales amounted to MSEK 4.0 (3.9), and profit after tax amounted to MSEK 3.5 (-34.5). Investments in fixed assets amounted to MSEK 0.0 (0.0). The Parent Company's available cash and cash equivalents amounted to MSEK 0.0 (0.3) as of December 31, 2023. The Parent Company's equity as of December 31, 2023, amounted to MSEK 108.6 (105.1) and the solidity was 99 (99) percent.

#### FUTURE DEVELOPMENT

The Group's future development is largely based on the ability to maintain rapid product development, add new functionality, and adapt the companies' business models to prevailing market conditions. During the year, the Group's subsidiaries launched several new product upgrades and business models in their respective markets. There is an ongoing review of the companies' organization to meet the market's needs. The Group does not make future projections of turnover or profit.

#### FINANCIAL TARGETS

Image Systems aims to create long-term value growth for its shareholders. To achieve this, the Board has determined that the Group shall achieve a long-term operating margin, EBITDA, of 15 percent. The solidity shall not fall below 50 percent in the long term. See also note 4.

#### RISK MANAGEMENT

Image Systems is exposed through its operations to financial risks such as market risk (including currency risk, interest rate risk, and price risk), credit risk, and liquidity risk. The overall risk management policy, established by the Board of Directors, seeks to avoid impacts on financial performance and position. The Group's management of financial risks is described in note 3.

#### SHARES

The total number of shares as of December 31, 2023, was 89,207,818 and consists of only one class of shares. One share carries one vote, and all shares have equal rights to dividends. There are no restrictions on the number of votes each shareholder can cast at each general meeting and there are no agreements between shareholders known to Image Systems that could entail restrictions on the right to transfer shares. For more information on the Image Systems share, see pages 22–23.

#### ENVIRONMENT

Image Systems' operations do not result in any significant negative environmental impact in terms of emissions to soil, water, and air. The Company continuously identifies, together with its subcontractors, the environmental impacts arising in its own activities. The environmental impact of products and services during operation is an important component of our development model. The production is outsourced to subcontractors who, in cooperation with Image Systems, shall ensure that all handling around production and deliveries is environmentally friendly in the best possible way.

#### EMPLOYEES

Image Systems wants to create an environment with stimulating and exciting tasks where employees feel involved. The Company wants to create conditions for employees to thrive and have the opportunity to develop. Working at Image Systems means working at a fast pace in an innovative environment of rapid development where the employee is constantly faced with problem-solving and new ideas. Employees are able to take plenty of initiative and develop with their tasks.

For the Company to maintain its excellence and innovation capacity, it is important to retain talented employees with long experience, knowledge, and skills. An important component of this is providing employees with stimulation and development opportunities. The ability to recruit new qualified employees is also of great importance for the Company's continued success. The availability of workers with specific skills in the Company's core technological area is limited.

#### THE BOARD AND ITS WORK IN 2023

The Board consisted of six (6) Directors in 2023. Nine (9) minuted meetings were held during the year, including the statutory meeting. No Director has worked in the day-to-day business.

The Board of Directors has adopted written rules of procedure and issued written instructions regarding, in part, the division of tasks between the Board of Directors and the Chief Executive Officer and, in part, the information to be received by the Board regularly. The Board has, at its meetings, reviewed the regular items presented at each meeting in accordance with the Board's rules of procedure, such as the business situation, liquidity, financing, budget, annual accounts, and interim reports. Furthermore, the Board has dealt with issues concerning long-term strategies, structural and organizational changes, and product development.

During the year, the Board worked on matters relating to the Company's organization and strategy.

#### GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

Fees are paid to the Chairman and Directors in accordance with the decision of the Annual General Meeting. The 2023 AGM resolved that the guidelines for remuneration to senior executives shall mainly entail that the total remuneration shall be market-based and competitive, and that outstanding performance shall be reflected in the total remuneration. The benefits shall consist of a fixed salary, any variable remuneration, other customary benefits, and a pension. The variable remuneration shall be based on the outcome in relation to set targets and coincide with the interests of the shareholders. The variable remuneration can amount to a maximum of 50 percent of the fixed remuneration. Pension benefits shall be fee-based and typically entitle the recipient to a pension at the age of 65. The variable remuneration shall principally not be pension qualifying. The Board of Directors shall be entitled to depart from the above guidelines if it considers that there are special reasons for doing so in an individual case.

For the 2024 AGM, the Board proposes that the above guidelines for remuneration to senior executives shall apply until the 2025 AGM.

These guidelines (Image Systems' remuneration policy) relate to remuneration and other terms of employment for the management of the Image Systems Group (senior executives). The guidelines are forward-looking, meaning that they will apply to remuneration agreed, and changes made to already agreed remuneration, after these proposed guidelines have been adopted by the AGM in 2024. The guidelines do not cover remunerations decided by the general meeting. New share-based incentive programs are decided, where appropriate, by the general meeting. The guidelines shall promote the business strategy, long-term interests, and sustainability of the Image Systems Group. Successful implementation of the Image Systems Group's business strategy and the safeguarding of the Group's long-term interests, including its sustainability, require the Group to be able to recruit, retain, and develop senior executives. These guidelines enable Image Systems to offer senior executives a competitive total remuneration.

#### Types of remuneration

The remuneration of the Image Systems Group to senior executives shall consist of the following components: basic salary, variable remuneration, pension benefits, and other benefits. Variable remuneration may, as far as the Chief Executive Officer and other senior executives are concerned, amount to a maximum of fifty (50) percent of the basic salary. Additional cash compensation may be paid in extraordinary circumstances provided that such special arrangements are limited in time and are only made at the individual level to recruit or retain senior executives or as compensation for extraordinary efforts outside the individual's regular duties. Such remuneration may not exceed an amount equivalent to fifty (50) percent of the annual basic salary. The Board of Directors shall decide on such remuneration on a proposal from the Remuneration Committee. Pension benefits to the CEO shall

be based on a premium defined pension plan, except where a defined benefit pension is required by law or collective agreements. The pensionable salary shall include basic salary and other benefits. The pension provisions for the CEO attributable to the annual basic salary shall not exceed 35 percent of the basic salary. Other benefits may include, for example, health insurance and company cars. Premiums and other costs related to such benefits may not exceed ten (10) percent of the CEO's annual base salary. For other senior executives, payment of pension benefits shall be based on a defined contribution pension plan, except in cases where the law or collective agreements require a defined benefit pension.

Remuneration of senior executives resident outside Sweden or resident in Sweden but with a material connection to or having resided in a country other than Sweden may be duly adjusted to comply with mandatory rules or local practice, whereby the overall purpose of these guidelines shall be met as far as possible. In addition to the remuneration described above, senior executives who relocate for or with a position or who work in several countries may also receive remuneration and benefits that are reasonable given the special circumstances arising from such arrangements, whereby consideration shall be given to the overall purpose of these guidelines and general guidelines and procedures for cross-border work within the Image Systems Group.

#### Termination of employment

Upon termination of a senior executive's employment, the notice period may not exceed 12 months. The combined amount of basic salary during the notice period and severance pay may not exceed an amount equivalent to two years' basic salary. Senior executives who reside outside Sweden or who are resident in Sweden but with a material connection to or who have been resident in a country other than Sweden may be offered a period of notice and severance pay that is reasonable in light of the particular circumstances, taking into account the overall purpose of these guidelines and general guidelines and procedures within the Image Systems Group.

#### Criteria for the distribution of variable cash remuneration, etc.

Variable remuneration shall be linked to predetermined and measurable criteria. The criteria – which may, for example, be linked to EBITDA, cash flow, ROI, or similar indicators or sustainability targets – shall be designed to promote Image System Group's strategy and long-term value creation, and strengthen the link between achieved performance targets and outcomes. The criteria for short-term and long-term variable remuneration shall be determined annually by the Board of Directors, and the extent to which the criteria are met shall be assessed over annual measurement periods. The extent to which the criteria for awarding variable remuneration have been met shall be determined at the end of the relevant measurement period. The Board is responsible for determining the variable remuneration of all senior executives.

#### Repayment and adjustments

Senior executives participating in the Image Systems Group's current incentive program are obliged, under certain circumstances and for a certain period of time, to repay all or part of the variable remuneration already paid if payment has been made by mistake or based on deliberately false information or in the event of a material change in the Image Systems Group's established financial results or position. Furthermore, the Board of Directors may decide to postpone payments under incentive programs (before payment has been made) in extraordinary circumstances or to take into account unforeseen one-off events.

#### Salary and employment conditions for employees

In preparing the Board's proposal for these remuneration guidelines, the Board has considered that the benefits offered to senior executives must align with the general structures applied to Image Systems' employees at competitive levels in the market. The salary and terms of employment for other employees within Image Systems have thus been taken into account by including information about this in the Remuneration Committee's and the Board's basis of decision when assessing the reasonableness of these guidelines and the limitations resulting from them.

#### The decision-making process for establishing, reviewing and implementing the guidelines

The Board has established a Remuneration Committee. The Committee's tasks include preparing the Board's decision on proposed guidelines for remuneration to senior executives. The Board shall establish a proposal for new guidelines, at least every four years, and submit the proposal for resolution at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to senior executives, the application of guidelines for remuneration to senior executives, as well as the current remuneration structures and remuneration levels in the Group. The members of the Remuneration Committee are independent of Image Systems and its management. The CEO and other persons in the Company management do not attend the Board's consideration of and decisions on remuneration-related issues, insofar as they are affected by the matters.

#### Deviations from guidelines

The Board of Directors may decide to deviate temporarily from the guidelines, in whole or in part, if there are special reasons for doing so in an individual case and a deviation is necessary to serve the long-term interests of the Image Systems Group, including its sustainability, or to ensure the Group's financial viability. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions on remuneration issues, including any decisions to deviate from the guidelines.

#### Options program

The 2021 Annual General Meeting resolved on an incentive program consisting of 2,000,000 warrants expiring on August 31, 2024, with an exercise price of SEK 2.0. The subscription price has been set by an independent valuation at SEK 0.105 per warrant. 2,000,000 warrants have been subscribed by senior executives.

The 2023 Annual General Meeting resolved on an incentive program consisting of 2,020,000 warrants expiring on August 31, 2026, with an exercise price of SEK 2.835. The subscription price has been set by an independent valuation at SEK 0.026 per warrant. 1,710,000 warrants have been subscribed by senior executives.

#### DIVIDENDS

The size of future dividends shall be based on Image Systems' long-term growth and performance, as well as capital requirements, taking into account financial targets. The Board has a long-term objective to distribute approximately twenty (20) percent of Image Systems' profit after tax. The Board proposes that no dividend be paid for the financial year 2023.

#### PROPOSAL ON ALLOCATION OF PROFITS

##### Parent Company

At the disposal of the AGM is (MSEK):	MSEK
Retained earnings	96.2
Net profit for the year	3.5
<b>TOTAL</b>	<b>99.7</b>
The Board proposes:	MSEK
to carry forward	99.7
<b>TOTAL</b>	<b>99.7</b>

Regarding the Company's and the Group's performance and position in general, please refer to the following income statements and balance sheets, changes in equity, cash flow statements, and notes.

# CONSOLIDATED FINANCIAL STATEMENTS



MSEK	Note	2023	2022
Net sales	5,6,7	160.7	171.1
Capitalized development costs	5,17	10.0	9.1
<b>TOTAL</b>		<b>170.7</b>	<b>180.2</b>
<b>OPERATING COSTS</b>			
Raw materials and consumables	7	-47.9	-56.4
Other external costs	9,19	-36.7	-26.5
Personnel costs	8	-70.0	-69.7
Depreciation and amortization of intangible and tangible fixed assets	14,15,16,17,18	-20.8	-19.3
Other operating income	10	-	0.8
Other operating costs	10	-0.6	-
<b>OPERATING PROFIT</b>		<b>-5.3</b>	<b>9.1</b>
<b>PROFIT FROM FINANCIAL ITEMS</b>			
Financial revenue		-	-
Financial costs		-2.1	-1.1
<b>Total net financial items</b>		<b>-2.1</b>	<b>-1.1</b>
<b>PROFIT AFTER FINANCIAL ITEMS</b>			
		<b>-7.4</b>	<b>8.0</b>
Tax on profit for the year	12	0.6	0.6
<b>PROFIT FOR THE YEAR</b>		<b>-6.8</b>	<b>8.6</b>
Of which attributable to Parent Company shareholders		-6.8	8.6
Earnings per share before dilution	33	-0.08	0.10
Earnings per share after dilution	33	-0.08	0.10

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

MSEK	Note	2023	2022
<b>PROFIT FOR THE YEAR</b>		<b>-6.8</b>	<b>8.6</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified to net income for the year:			
Translation differences		-0.1	0.3
Tax attributable to items that may be reclassified to net income for the year		-	-
Total other comprehensive income		-0.1	0.3
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-6.9</b>	<b>8.9</b>
Of which attributable to Parent Company shareholders		-6.9	8.9



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION



MSEK, as of December 31

ASSETS	Note	2023	2022
<b>Fixed assets</b>			
Goodwill	14	36.1	36.1
Trademarks	15	-	-
Customer relations	16	19.3	23.7
Capitalized development costs	17	38.6	35.1
Right-of-use assets	19	10.0	13.8
Equipment, tools, and installations	18	1.1	3.7
Deferred tax assets	12	19.1	19.1
<b>Total fixed assets</b>		<b>124.2</b>	<b>131.5</b>
<b>Current assets</b>			
Inventories	21	13.1	13.6
Trade receivables	3	33.2	20.1
Other receivables	22	2.1	4.0
Prepaid expenses and accrued income	23	3.8	3.0
Cash and cash equivalents		6.6	22.5
<b>Total current assets</b>		<b>58.8</b>	<b>63.2</b>
<b>TOTAL ASSETS</b>		<b>183.0</b>	<b>194.7</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		8.9	8.9
Other contributed capital		374.8	374.8
Translation reserve		-0.7	-0.6
Retained earnings including net result for the year		-267.0	-260.2
<b>Total equity attributable to Parent Company owners</b>		<b>116.0</b>	<b>122.9</b>
<b>Non-current liabilities</b>			
Lease liabilities	19	4.2	8.5
Loans from credit institutions	24	-	0.4
Deferred tax liabilities	12	5.5	6.0
<b>Total non-current liabilities</b>		<b>9.7</b>	<b>14.9</b>
<b>Current liabilities</b>			
Loans from credit institutions	24	5.4	5.0
Accounts payable		12.2	12.6
Lease liabilities	19	5.0	4.9
Other liabilities		14.9	13.0
Accruals and deferred income	28	19.8	21.4
<b>Total current liabilities</b>		<b>57.3</b>	<b>56.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>183.0</b>	<b>194.7</b>

# STATEMENT OF CHANGES IN GROUP EQUITY



<b>GROUP (MSEK)</b>	<b>Share capital</b>	<b>Other contributed capital</b>	<b>Translation differences</b>	<b>Capitalized loss including net result for the year</b>	<b>Total equity attributable to Parent Company owners</b>
<b>Opening balance as of January 1, 2022</b>	<b>8.9</b>	<b>374.8</b>	<b>-0.9</b>	<b>-268.8</b>	<b>114.0</b>
Net profit for the year	–	–	–	8.6	8.6
Other comprehensive income for the year	–	–	0.3	–	0.3
Comprehensive income for the year	–	–	0.3	8.6	8.9
<b>Closing balance as of December 31, 2022</b>	<b>8.9</b>	<b>374.8</b>	<b>-0.6</b>	<b>-260.2</b>	<b>122.9</b>
<b>Opening balance as of January 1, 2023</b>	<b>8.9</b>	<b>374.8</b>	<b>-0.6</b>	<b>-260.2</b>	<b>122.9</b>
Net profit for the year	–	–	–	-6.8	-6.8
Other comprehensive income for the year	–	–	-0.1	–	-0.1
Comprehensive income for the year	–	–	-0.1	-6.8	-6.9
<b>Closing balance as of December 31, 2023</b>	<b>8.9</b>	<b>374.8</b>	<b>-0.7</b>	<b>-267.0</b>	<b>116.0</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

MSEK	Note	2023	2022
<b>THE OPERATING ACTIVITIES</b>			
Operating profit		-5.3	9.1
Adjustments for items not included in cash flow:	30	19.1	19.0
Interest received		-	-
Interest paid		-0.6	-0.7
<b>Cash flow from operating activities before changes in working capital</b>		<b>13.2</b>	<b>27.4</b>
<b>CHANGES IN WORKING CAPITAL</b>			
Inventories		0.5	-1.7
Current receivables		-11.8	10.4
Current liabilities		-0.2	-3.8
Total change in working capital		-11.5	4.9
<b>Cash flow from operating activities</b>		<b>1.7</b>	<b>32.3</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of intangible fixed assets		-10.8	-9.8
Acquisition of tangible fixed assets		-0.6	-
Cash flow from investing activities		-11.4	-9.8
<b>Operating cash flow</b>		<b>-9.7</b>	<b>22.5</b>
<b>FINANCING ACTIVITIES</b>			
Raised loans	31	-	-
Amortization of loans		-	-1.5
Amortization of lease liabilities		-6.2	-5.6
<b>Cash flow from financing activities</b>		<b>-6.2</b>	<b>-7.1</b>
<b>Change in cash and cash equivalents</b>		<b>-15.9</b>	<b>15.4</b>
Cash and cash equivalents at the beginning of the year		22.5	7.1
Exchange rate difference on cash and cash equivalents		0.0	0.0
<b>Cash and cash equivalents at the end of the year</b>		<b>6.6</b>	<b>22.5</b>

## PARENT COMPANY INCOME STATEMENTS

MSEK	Note	2023	2022
Revenue	5,6	4.0	3.9
<b>OPERATING COSTS</b>			
Other external costs	8,9,19	-5.6	-4.9
Personnel costs	8	-4.1	-3.6
<b>OPERATING PROFIT</b>		<b>-5.7</b>	<b>-4.6</b>
<b>PROFIT FROM FINANCIAL ITEMS</b>			
Other financial costs		-0.8	0.0
Interest expense		0.0	-50.4
<b>Total net financial items</b>		<b>-0.8</b>	<b>-50.4</b>
<b>PROFIT AFTER FINANCIAL ITEMS</b>		<b>-6.5</b>	<b>-55.0</b>
Appropriations			
Group contribution received	11	10.0	20.5
Tax on profit for the year	12	0.0	0.0
<b>PROFIT FOR THE YEAR</b>		<b>3.5</b>	<b>-34.5</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	2023	2022
<b>PROFIT FOR THE YEAR</b>		<b>3.5</b>	<b>-34.5</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3.5</b>	<b>-34.5</b>



## PARENT COMPANY BALANCE SHEETS



MSEK, as of December 31

ASSETS	Note	2023	2022
<b>FIXED ASSETS</b>			
Shares in subsidiaries	20	82.8	82.8
Deferred tax assets	12	12.0	12.0
<b>Total fixed assets</b>		<b>94.8</b>	<b>94.8</b>
<b>CURRENT ASSETS</b>			
Trade receivables		-	-
Receivables from Group companies		14.2	8.8
Other receivables	22	0.6	2.6
Prepaid expenses and accrued income	23	0.4	0.4
Cash and bank		0.0	0.3
<b>Total current assets</b>		<b>15.2</b>	<b>12.1</b>
<b>TOTAL ASSETS</b>		<b>110.0</b>	<b>106.9</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity			
Share capital		8.9	8.9
Non-restricted equity			
Share premium reserve		171.5	171.5
Retained earnings		-75.3	-40.8
Net profit for the year		3.5	-34.5
<b>Total equity</b>		<b>108.6</b>	<b>105.1</b>
Current liabilities			
Accounts payable		0.3	0.6
Liabilities to Group companies		-	-
Other current liabilities		0.2	0.2
Accruals and deferred income	28	0.9	1.0
<b>Total current liabilities</b>		<b>1.4</b>	<b>1.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>110.0</b>	<b>106.9</b>

# CHANGES IN PARENT COMPANY EQUITY



MSEK	RESTRICTED EQUITY		NON-RESTRICTED EQUITY	
	Share capital	Share premium reserve	Capitalized loss including net result for the period	Total equity
<b>Opening balance as of January 1, 2022</b>	<b>8.9</b>	<b>171.5</b>	<b>-40.8</b>	<b>139.6</b>
Net profit for the year	-	-	-34.5	-34.5
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-34.5</b>	<b>-34.5</b>
Shareholder transactions				
<b>Closing balance as of December 31, 2022</b>	<b>8.9</b>	<b>171.5</b>	<b>-75.3</b>	<b>105.1</b>
<b>Opening balance as of January 1, 2023</b>	<b>8.9</b>	<b>171.5</b>	<b>-75.3</b>	<b>105.1</b>
Net profit for the year	-	-	3.5	3.5
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3.5</b>	<b>3.5</b>
<b>CLOSING BALANCE AS OF DECEMBER 31, 2023</b>	<b>8.9</b>	<b>171.5</b>	<b>-71.8</b>	<b>108.6</b>

# PARENT COMPANY CASH FLOW STATEMENTS



MSEK	Note	2023	2022
<b>THE OPERATING ACTIVITIES</b>			
Operating profit		-5.7	-4.6
Adjustments for items not included in cash flow	30	9.2	18.4
Interest paid		0.0	0.0
<b>Cash flow from operating activities before changes in working capital</b>		<b>3.5</b>	<b>13.8</b>
<b>CHANGES IN WORKING CAPITAL</b>			
Current receivables		2.0	1.1
Current liabilities		-0.4	-0.1
<b>Total change in working capital</b>		<b>1.6</b>	<b>1.0</b>
<b>Cash flow from operating activities</b>		<b>5.1</b>	<b>14.8</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries		-	-
Loans from (+) / to (-) subsidiaries		-5.4	-14.7
<b>Cash flow from investing activities</b>		<b>-5.4</b>	<b>-14.7</b>
<b>Operating cash flow</b>		<b>-0.3</b>	<b>0.1</b>
<b>FINANCING ACTIVITIES</b>			
Raised loans		-	-
Amortization of loans		-	-
<b>Cash flow from financing activities</b>		<b>0.0</b>	<b>0.0</b>
<b>Change in cash and cash equivalents</b>		<b>-0.3</b>	<b>0.1</b>
Cash and cash equivalents at the beginning of the year		0.3	0.2
<b>Cash and cash equivalents at the end of the year</b>		<b>0.0</b>	<b>0.3</b>

# NOTES



Amounts in MSEK unless otherwise stated

## NOTE 1 GENERAL INFORMATION

The Annual Report and Consolidated Financial Statements of Image Systems AB (publ.) with subsidiaries for the financial year beginning January 1, 2023, and ending December 31, 2023, have been approved by the Board of Directors and the Chief Executive Officer for publication on April 7, 2024, and to be submitted to the Annual General Meeting on May 8, 2024, for adoption. The Parent Company is based in Linköping, Sweden. The address of the head office is Snickaregatan 40, 582 26 Linköping, Sweden. The Company is listed on Nasdaq Stockholm, Small Cap.

Image Systems AB is the Parent Company of a Group comprising the wholly owned subsidiaries RemaSawco Oy, RemaSawco AB with the subsidiaries RemaSawco A/S, RemaSawco International AB (dormant), and Image Systems Nordic AB with the subsidiary Image Systems Trackeye Inc.

All amounts are presented in millions of Swedish kronor (MSEK) unless otherwise stated. The Board of Directors and/or CEO approve financial statements before publication.

## NOTE 2 ACCOUNTING POLICIES

### COMPLIANCE WITH STANDARDS AND LAW

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee, as the European Commission has approved them for application in the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied.

The Parent Company applies the same accounting policies as the Group except in the cases specified in the section "Parent Company accounting policies."

### CHANGES IN ACCOUNTING POLICIES DUE TO NEW OR AMENDED IFRS

No standards, amendments, or interpretations effective for the financial year beginning January 1, 2023, have had a material impact on the Group's financial statements.

### ASSESSMENTS AND ESTIMATES

Preparing the financial statements in accordance with IFRS requires assessments, estimates, and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual outcomes may differ from these estimates and assessments. The estimates and assumptions are regularly reviewed. Changes in estimates are reported in the period in which a change is made if it affects only that period, or in the period in which the change is made and in future periods if the change affects both the current and future periods. Deferred tax assets relating to unused loss carryforwards are recognized when the Company considers it probable that taxable profits will be available in the foreseeable future (IAS 12). Assessments in the application of IFRS that have a significant impact on the future financial statements and estimates made that may result in material adjustments to the following year's financial statements are described in more detail:

- note 3 Risks: Financial risk
- note 12 Deferred tax assets
- note 13 Intangible fixed assets

### SIGNIFICANT APPLIED ACCOUNTING POLICIES

The accounting policies set out below have been applied, with the exceptions described in more detail, to the periods presented in the Consolidated Financial Statements. The Group's accounting policies have also been consistently applied by the Group's Companies.

### CONSOLIDATION AND BUSINESS COMBINATIONS

#### Consolidation

The Consolidated Financial Statements include the Parent Company Image Systems AB, and the Companies over which the Parent Company directly or indirectly has a controlling influence (subsidiaries). Control is achieved when the Group is exposed to, or has rights to, variable returns from its holding in the Company and has the ability to use its influence over the Company to affect its returns. When determining whether a controlling influence exists, shareholder agreements and potential voting shares that can be exercised or converted without delay shall be taken into account. Control usually exists when the Parent Company directly or indirectly holds shares representing more than 50% of the votes.

#### Subsidiaries

Subsidiaries are included in the Consolidated Financial Statements from the date that control is obtained and are excluded from the Consolidated Financial Statements from the date that control ceases.

The Group's profit or loss and components of other comprehensive income or expense are attributable to the owners of the Parent Company and to non-controlling interests, even if this results in a negative value for non-controlling interests.

The accounting policies of subsidiaries have been adjusted as necessary to comply with the Group's accounting policies. All intra-group transactions, balances, and unrealized profits and losses arising from intra-group transactions have been eliminated in preparing the Consolidated Financial Statements.



**FOREIGN SUBSIDIARIES**

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated into Swedish kronor (SEK) at the exchange rate prevailing on the balance sheet date. Revenue and costs in foreign operations are translated into Swedish kronor at an average rate that approximates the rates prevailing at the time of each transaction. Translation differences arising from exchange rate conversions of foreign operations are recognized in other comprehensive income and accumulated in the translation reserve in equity.

**OPERATING SEGMENT**

Operating segments are recognized in a manner that complies with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing the performance of the operating segments. In the Group, it is the President and CEO of Image Systems AB who makes strategic decisions.

The Group has two business units/operating segments: RemaSawco and Motion Analysis. The RemaSawco segment offers measurement technology systems that improve the efficiency and profitability of sawmills. The Motion Analysis business unit offers software tools for motion analysis of high-speed film for a wide range of application areas.

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

The basic principle is that revenue is recognized in the manner that best reflects the transfer of the promised good or service to the customer.

The Group recognizes revenue from licenses, project revenue, product sales, and services.

**License revenue**

Licenses are recognized as revenue when the license key is delivered to the customer.

**Project revenue**

Revenue from project contracts with customers is recognized using a five-step model:

- Step 1: identify the contract with the customer
- Step 2: identify the performance obligations in the contract
- Step 3: determine the transaction price
- Step 4: allocate the transaction price to the performance obligations
- Step 5: recognize revenue when a performance obligation is fulfilled.

If the transaction price includes variable remuneration (e.g., discounts, royalties, etc.), these shall be estimated and included in the transaction price to the extent that it is highly unlikely they will need to be reversed. Particularly in RemaSawco, a significant part of the sales is done on a project basis.

The Group offers products and services at both fixed and variable prices. For contracts at a fixed price, revenue is recognized based on how much of the total project is transferred to the customer. Estimates regarding revenue, costs, or the stage of completion of projects are revised if circumstances change. Increases or decreases in estimated revenues or expenses arising from a changed estimation are recognized in the income statement in the period in which the circumstances giving rise to the revision become known to management.

In fixed-price projects, the customer pays the agreed price at agreed times of payment. If the services the Group has delivered exceed the payment, a contract asset is recognized. If payments exceed the services delivered, a contract liability is recognized.

**Product sales**

Product sales are recognized as revenue upon delivery of hardware and software to the customer.

**Services**

Services are reported in both business units. These services may consist of software upgrades, service agreements, support, training, and even software subscription revenue. Service agreements, subscriptions, and upgrades are recognized as revenue monthly at a value of the contract amount divided by the term of the contract in months. Support and training is recognized as revenue after the performance obligation has been fulfilled.

**CLASSIFICATIONS, ASSETS, AND LIABILITIES**

Fixed assets and non-current liabilities consist, in all material respects, of amounts expected to be recovered or paid more than twelve months from the balance sheet date. Current assets and liabilities consist, in all material respects, of amounts expected to be recovered or paid within twelve months from the balance sheet date. The Group's operating cycle is estimated to be less than one year.

**FINANCIAL INSTRUMENTS**

Financial instruments include cash and cash equivalents, securities holdings, receivables, operating liabilities, borrowings, and any derivative instruments. Purchases and sales of securities and derivative instruments are recognized on the trading day, i.e., when a binding contract for the purchase and sale has been concluded. The fair value of marketable securities is based on bid prices at the balance sheet date.

Securities intended for long-term holding and any short-term investments are assigned either to the measurement category "financial assets at fair value through other comprehensive income", "financial assets at fair value through profit or loss" or alternatively "financial assets at amortized cost." The measurement category is decided separately for each security holding based on the characteristics of the contractual cash flows and the Company's business model for management, i.e., the nature of the holding and the purpose of the holding.

For financial assets at fair value through profit or loss, changes in fair value are recognized as financial income or financial expenses, respectively, in the income statement. Changes in the value of any forward foreign exchange contracts are, however, recognized in the operating profit.

Changes in the fair value of financial assets at fair value through other comprehensive income are recognized in the consolidated statement of comprehensive income during the holding period. Upon disposal of the instrument, there is no reclassification of accumulated changes in value to financial income or financial expenses, respectively, in the profit and loss account. For the category of financial liabilities measured at fair value through profit or loss, changes in value are recognized as financial items in the income statement. Other financial liabilities are recognized at amortized cost.

For all financial assets and liabilities, the carrying amount is considered to be a good approximation of its fair value, unless otherwise stated in the following notes.

Interest income is recognized as revenue over the term using the effective interest method. All interest income and interest expenditure relates to financial assets and financial liabilities, respectively, that are not recognized at fair value through profit or loss.

#### **Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and netted in the balance sheet when there is a legal right to offset and there is an intention to settle the items at a net amount or simultaneously realize the asset and settle the liability.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash and bank balances.

#### **Receivables**

Trade receivables and other operating receivables are measured at amortized cost. The expected maturity of trade receivables is short, however, so they are recognized at nominal amount without discounting. The new model for calculating the customer loss reserve is based on expected credit losses instead of actual documented losses, which means an earlier reporting of credit losses. The impact has been minor, however, as the Group has historically had insignificant customer losses. Impairments of trade receivables are recognized in operating costs.

#### **Accounts payable**

Accounts payable are measured at amortized cost. The expected maturity of the accounts payable is short, however, so the liability is recognized at the nominal amount without discounting.

#### **Bank and other loan liabilities**

Interest-bearing bank loans, overdraft facilities, and other loans are measured at amortized cost using the effective interest method. Any difference between the amount of the loan received (net of transaction costs) and the repayment or amortization of the loan is recognized as part of the interest over the life of the loan.

#### **INVENTORIES**

Inventories are measured at the lower of cost, i.e., at the lower of acquisition value and net realizable value. The acquisition value, including a fair share of fixed and variable indirect costs, is calculated using the FIFO (first-in, first-out) method. Net realizable value is the calculated selling price less the estimated costs of completing the goods and selling costs. Inventory valuation is done for each individual item. The assessment has taken into account warehouse size, turnover rate, and any technological change. The Company's finished goods inventory consists of complete systems and system-ready products.

#### **INTANGIBLE ASSETS**

Intangible assets with finite useful lives are recognized at cost less accumulated depreciation/amortization and any impairment losses. Intangible assets without finite useful lives, such as goodwill, are recognized at cost less any impairment losses.

#### **Goodwill**

Goodwill arising in connection with business combinations consists of the amount by which the acquisition value exceeds the fair value of the Group's share of the acquired subsidiary's net assets at the acquisition time. Goodwill related to the acquisition of subsidiaries is recognized in the balance sheet as an intangible asset and is considered to have an indefinite useful life. Goodwill is allocated to the smallest possible cash-generating unit and is tested annually, or as soon as there is an indication of impairment, to identify any impairment loss. Goodwill is recognized at cost less any accumulated impairment losses. The gain or loss on the disposal of an entity includes the residual carrying amount of the goodwill relating to the operation disposed of.

#### **Trademarks and Customer relationships**

When Image Systems acquired Image Systems Nordic and RemaSawco, the acquisition analysis identified the value of Trademarks and Customer relationships. These are linearly written off over the useful life. After analysis, the useful life has been assessed to be 10 years for trademarks and 10 years for customer relationships.

#### **Capitalized development costs**

Expenditure on ongoing product improvements is expensed as incurred, while expenditure on specific development projects is capitalized as follows: Capitalization of the Group's development costs is only done for new products if the expenses are significant, the products have a likely profit potential expected to accrue to the Company, and the expenses are clearly separable from the ongoing product development costs. Depreciation/amortization is calculated on a straight-line basis over sixty (60) months. Any need for impairment is evaluated on an ongoing basis.

#### **TANGIBLE FIXED ASSETS**

Tangible fixed assets are reported at acquisition value less accumulated depreciation and any impairment losses. Expenditure on repairs and maintenance is expensed as incurred.

Depreciation/amortization is calculated on a straight-line basis over the estimated useful life of the asset. For equipment, tools, and installations the depreciation/amortization period is between 3–7 years.

#### **IMPAIRMENT**

Goodwill and capitalized development costs for which depreciation has not yet begun are tested annually for impairment or as soon as there is an indication that an asset may be impaired. Other assets are tested as soon as there is an indication that the carrying amount may be too high. If the recoverable amount is lower than the carrying amount, it is written down to the lower of the two. The recoverable amount is the higher of net realizable value and value-in-use. In assessing value-in-use, future cash flows are discounted to present value using a pre-tax discount rate. The discount rate shall reflect market assessments of the time value of money (real interest rate) and the risks specific to the asset or cash-generating unit to which the asset is attributable.

#### **PROVISIONS**

Legal or constructive obligations relating to the financial year or previous financial years that are certain or probable at the balance sheet date but

uncertain as to their amount or when they will be settled are recognized as provisions.

#### EMPLOYEE BENEFITS

Employee benefits such as salaries and pensions are recognized as an expense during the period in which the employees performed the services to which the benefits relate. The Group's post-employment benefit plans only include defined contribution pension plans, fulfilled through ongoing payments to independent legal entities. Once the fee is paid, the Company has no further obligations.

#### INCENTIVE PROGRAM

The Annual General Meeting 2021 and 2023 has decided on a warrant program for key employees within the Group. Image Systems AB has sold the warrants at market value to senior executives in the Group. An external party has done the measurement; therefore, these are not recognized under IFRS 2.

#### CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method, adjusting for transactions that have not resulted in cash inflows or outflows during the period. Cash and bank balances are classified as cash and cash equivalents.

#### LEASES

Leases are recognized as right-of-use assets and interest-bearing lease liabilities in the balance sheet. Lease liabilities are recognized as other loans and are measured at the present value of future lease expenses. The lease fees are discounted using an interest rate that reflects what the Image Systems Group would have to pay for financing by borrowing to acquire a corresponding asset with a corresponding security and a corresponding period. Right-of-use assets are presented as tangible fixed assets and are measured at cost less accumulated depreciation and any impairment losses. Depreciation/amortization of the asset is recognized on a straight-line basis over the contract period. The lease cost is recognized as depreciation/amortization of the asset in operating profit and interest expenditure in net financial items. Payments are allocated between interest paid and amortization of the lease liability.

Existing leases are mainly for real estate (such as offices and warehouses) and company cars. For leasing of real estate and company cars, the service components usually form a significant part of the contracts, whereby the leased asset and service are separated. The service components are thus recognized as operating costs and are not included in the right-of-use asset and lease liability. If the lease is of low value or has a lease term shorter than twelve months, the lease payments are recognized as operating costs when incurred.

#### FOREIGN CURRENCY

Transactions in foreign currency are translated into Swedish kronor at the exchange rate of the transaction date. Receivables and liabilities in foreign currency are valued at the exchange rate on the balance sheet date. Exchange rate differences on operating receivables and liabilities are included in operating profit, while differences on financial claims and liabilities are recognized among financial items.

#### ISSUE COSTS

Transaction costs directly attributable to the issue of new shares, convertibles, or options are recognized, net of tax, in equity as a deduction from the issue proceeds.

#### TAX

Income taxes consist of current tax and deferred tax. Income taxes are recognized in profit or loss except when the underlying transaction is recognized in other comprehensive income or equity, whereby the related tax effect is recognized in other comprehensive income or equity. Current tax is tax that is payable or receivable for the current year and adjustments to the current tax of previous years. Deferred tax is calculated using the balance sheet method on all material temporary differences. A temporary difference exists when the carrying amount of an asset or liability differs from the tax base. Such a difference may arise, for example, when an asset is written up or down or when the accounting policies applied differ between the accounts of an individual Group Company and the Consolidated Financial Statements. Deferred tax liabilities are recognized in principle for all temporary taxable differences, while deferred tax assets are recognized to the extent that they are likely to be utilized against future taxable profits.

Loss carryforwards that are deemed to be used for future offsets exist in the Swedish Parent Company and in the subsidiaries in Sweden. For further information, see note 12. The loss carryforwards in Sweden do not currently have a time limit, but if there are changes in ownership that result in changes in control of the Company, the right of disposal may be limited.

The carrying amount of deferred tax assets, MSEK 19.1 (19.1), is tested at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable losses will be available for use, in whole or in part, against the deferred tax asset. The Company is expected to have taxable profits in the next few years. Deferred tax is calculated at the tax rates expected to apply in the period in which the asset is recovered, or the liability is settled. Deferred tax assets and liabilities are offset when they relate to income tax charged by the same taxation authority and when the Group intends to settle the tax in a net amount. The deferred tax liability that is recognized relates to temporary differences in customer relationships.

#### PARENT COMPANY ACCOUNTING POLICIES

The Parent Company has prepared its Annual Report according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The Swedish Financial Reporting Board's published statements for listed companies are also applied. RFR 2 means that the Parent Company, in the Annual Report for the legal entity, shall apply all EU approved IFRS and interpretations from IFRIC as far as possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act with regard to the connection between accounting and taxation. The recommendation specifies the exceptions and additions to be made compared to IFRS. The differences between the accounting policies of the Group and the Parent Company are set out below. The accounting policies stated for the Parent Company are applied consistently to all periods presented in the Parent Company's financial statements.

##### **Participations in subsidiaries**

Participations in subsidiaries are reported using the cost method, and the value of subsidiaries is tested when there is an indication of impairment.

##### **Acquisition-related costs for subsidiaries**

Acquisition-related costs for subsidiaries, which are expensed in the Consolidated Financial Statements, are included as part of the cost of participations in subsidiaries.

##### **Group contributions**

Group contributions are accounted for as an appropriation according to the alternative rule.

**Leases**

In the Parent Company, all leases are accounted for in accordance with the rules for operating leases.

## NOTE 3 RISKS

**RISK FACTORS**

Image Systems' operations are affected by a number of external factors whose potentially negative effects on the Group's performance and financial position can be counteracted and mitigated to varying degrees. It is important to consider these risk factors alongside potential opportunities when assessing Image Systems' future development.

**FUTURE CAPITAL NEEDS**

The Company needs capital to develop the products necessary to attract the market. In the event that the Company does not generate a sufficient surplus, there are no guarantees that it will be possible to raise external capital to develop new products or run the Company further.

**COMPETITORS**

The Company operates in highly competitive markets. There are several competitors in both business units with high-quality products. It is therefore important to continuously develop new innovative products in order to maintain and consolidate their leading positions in their respective lines of business.

**ECONOMIC DEVELOPMENT**

Fluctuations in economic development affect the willingness to invest in the products and services offered by Image Systems. This may result in orders being withheld, withdrawn, or delayed. A weakened economy and business cycle thus have a negative impact on the Group's operations.

**RELIANCE ON QUALIFIED PERSONNEL AND KEY INDIVIDUALS**

Image Systems aims to create a working environment where employees develop and feel engaged. The Company seeks to provide competitive conditions and a stimulating work environment for its employees, but there are no guarantees that the Company's efforts will yield results. If Image Systems cannot retain key personnel and other personnel critical to its operations, the Company's earning capacity and profitability may be adversely affected.

**INTELLECTUAL PROPERTY RIGHTS**

The Group strives to protect its intangible assets through, among other things, patents, and confidentiality commitments. If Image Systems' measures to protect its intangible assets are insufficient or if they are misused, this could adversely affect the Company's operations and performance. Image Systems may also be required to initiate legal proceedings to protect its intellectual property and trade secrets. Such processes can lead to significant costs and take up the time of senior management within the Group.

**PRODUCT DEPENDENCE AND PRODUCT DEVELOPMENT**

Image Systems is dependent on subcontractors for the manufacture of certain products. The conditions are now in place for stable deliveries from Image Systems' subcontractors. However, if subcontractors and other actors on which Image Systems are dependent for the delivery of products cannot deliver on time or with the required quality and volume, this may adversely affect the Group's operations and performance.

**TECHNOLOGICAL PROGRESS AND CHANGE**

The markets in which Image Systems operate are greatly affected by the rapid technological development in the IT field. Delays in development work or the inability to keep pace with technological progress may lead to reduced or lost competitiveness. Overall, it is therefore of great importance that development projects can be conducted within established deadlines and budgets for Image Systems to maintain and develop its position in these markets.

**FINANCIAL RISKS**

Image Systems is exposed to various types of financial risks through its operations, such as market, financing, liquidity, and credit risks. Market risks mainly consist of interest rate risk and currency risk. The Company's Board of Directors is ultimately responsible for the exposure, management, and monitoring of Image Systems' financial risks.

**FINANCING RISK**

Financing risk refers to the risk that the cost of taking out new loans will be higher and that refinancing maturing loans will be more difficult or impossible. As of December 31, 2023, the Group's interest-bearing liabilities amounted to MSEK 5.4 (5.4), excluding a lease liability of MSEK 9.2 (13.4). The total undrawn credit facility amounted to MSEK 13.4 (15.7).

The Company estimates that with current credit facilities and financing, the business will be able to operate for the next 12 months.

The Group's policy for managing financing risk is to regularly conduct twelve-month liquidity simulations and, if necessary, to secure liquidity through overdraft facilities, bank loans, or other loans.

**CURRENCY RISK**

The Consolidated Financial Statements are prepared in Swedish kronor (SEK). The Group's foreign subsidiaries are, in all material respects, not affected by currency flow exposure as revenue and expenses are denominated in local currency. In the Swedish ones, however, the situation is different. Revenue in this business are distributed between Swedish kronor, US dollars, and euros, while expenses are mainly affected by Swedish kronor and euros, resulting in a currency flow exposure to the Swedish krona. As a result, the Group has a significant currency exposure, which, in the event of unfavorable developments between the dollar, euro, and the Swedish krona, could have negative effects on its performance and financial position.

Image Systems' currency policy entails that the Group's sales can be hedged for up to six months. However, the Company did not use this option in 2023. In addition to the above currency exposure, Image Systems is exposed to translation exposure when translating the monetary items in the foreign subsidiaries. This translation exposure is not hedged.



## NOTES

The table below shows the Group's assets and liabilities in foreign currencies translated into Swedish kronor at the balance sheet date:

	USD	EUR	GBP	NOK	Total
Assets	1.8	15.4	0.4	1.1	18.7
Liabilities	0.5	11.7	-	1.6	13.8
Net exposure	1.3	3.7	0.4	-0.5	4.9

A change in the relevant exchange rates in relation to the Swedish krona of +/-5% would, at the balance sheet date, result in a profit effect of +/-0.1 for USD, +/-0.2 for EUR, +/-0.0 for GBP and +/-0.0 for NOK. Overall, this gives a total weighted profit effect of MSEK +/-0.3.

### INTEREST RATE RISK

Interest rate risk is the risk of a negative impact on the Group's income statement and cash flows due to changes in market interest rates. As the Group has no financial assets or financial liabilities measured at fair value, changed market interest rates do not have an immediate effect on its profit and loss account. The Group's credits currently refer to overdraft facilities, the interest rates of which may change partly in response to changes in the general interest rate environment and partly to Company-specific events. Given full utilization of the Group's overdraft facilities and other loan facilities, an interest rate increase of one percentage point would lead to increased interest expenses for the Group of approximately MSEK 0.2 annually.

### CREDIT AND COUNTERPARTY RISK

Credit risk is the risk that the counterparty will not be able to meet its contractual obligations toward the Group, resulting in a financial loss. Image Systems' exposure to credit risk is mainly attributable to trade receivables.

To limit credit risk, the Group only works with counterparties that are deemed capable of fulfilling their obligations toward the Group. In cases where the Company perceives the customer to be a counterparty risk, the Company requires advance payments. The markets in which Image Systems operates are not considered to pose any political risks. However, the Company always strives to eliminate or minimize possible risks by securing payment flows. As of 2023-12-31, there were no concentrations of credit risk.

The Group's and the Parent Company's maximum exposure to credit risk corresponds to the carrying amounts of all financial assets and is shown in the table below. The carrying amount is consistent with the fair value.

	GROUP	
	2023	2022
Trade receivables	33.2	20.1
Receivables from subsidiaries	-	-
Other receivables	2.1	4.0
Prepaid expenses and accrued income	3.8	3.0
Cash and cash equivalents	6.6	22.5
<b>MAXIMUM EXPOSURE TO CREDIT RISK</b>	<b>45.7</b>	<b>49.6</b>

	PARENT COMPANY	
	2023	2022
Trade receivables	-	-
Receivables from subsidiaries	14.2	8.8
Other receivables	0.6	2.6
Prepaid expenses and accrued income	0.4	0.4
Cash and cash equivalents	0.0	0.3
<b>MAXIMUM EXPOSURE TO CREDIT RISK</b>	<b>15.2</b>	<b>12.1</b>

### TRADE RECEIVABLES

The Company assesses that the credit quality of trade receivables that are neither past due nor impaired is good, given that the customers' payment history is good.

At each balance sheet date, the Company assesses whether there is objective evidence that a trade receivable is impaired as a result of past events. Examples of such events are significant deterioration in the financial position of the counterparty or non-payment of amounts due.

	GROUP	
	23-12-31	22-12-31
Trade receivables	34.7	21.8
Opening accumulated provisions for bad debts	-1.7	-1.8
Provisions for bad debts for the period	-	-
Reversal of provisions for the period	0.2	-0.6
Confirmed customer losses	-	0.7
Closing accumulated provisions for bad debts	-1.5	1.7
<b>TOTAL TRADE RECEIVABLES</b>	<b>33.2</b>	<b>20.1</b>

	PARENT COMPANY	
	23-12-31	22-12-31
Trade receivables	0.0	0.0
Opening accumulated provisions for bad debts	0.0	0.0
Provisions for bad debts for the period	-	-
Reversal of provisions for the period	-	-
Confirmed customer losses	-	-
Closing accumulated provisions for bad debts	-	-
<b>TOTAL TRADE RECEIVABLES</b>	<b>0.0</b>	<b>0.0</b>

Historically, the Group has had low customer losses. The risk spread across companies, and geographic markets is favorable. No individual customer has a significant impairment requirement. During the year, a provision of MSEK 0.0 (0.0) has been made for bad customer debts. The assessment is that the reserve for bad debts well covers any future impairment needs. The reserved trade receivables relate partly to provisions in accordance with the steps introduced in accordance with IFRS 9 and partly to old trade receivables that are more than two years overdue where the customers' willingness to pay is deemed to be low. The Group's bad debts have been non-material and remain so after transitioning to the new standard.

Each subsidiary applies its impairment model for trade receivables based on assumptions and historical information and has chosen to apply a simplified impairment model.

At year-end, the reserved trade receivables were overdue by more than two years and customers' willingness to pay has been assessed as low.

#### OVERDUE TRADE RECEIVABLES NOT CONSIDERED DOUBTFUL

	GROUP	
	23-12-31	22-12-31
Expired:		
1–30 days	4.9	2.9
31–60 days	0.8	2.0
61–90 days	0.8	0.2
91–180 days	0.1	0.7
> 180 days	3.8	3.5
<b>TOTAL</b>	<b>10.4</b>	<b>9.3</b>

	PARENT COMPANY	
	23-12-31	22-12-31
Expired:		
1–30 days	-	-
31–60 days	-	-
61–90 days	-	-
91–180 days	-	-
> 180 days	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

## NOTES

The trade receivables that are more than 90 days overdue but are not considered impaired MSEK 3.9 (4.2) mainly relate to agreed performance guarantees. These are expected to be received after final approval has been granted.

### LIQUIDITY RISK

Liquidity risk refers to the risk of the Group being adversely affected by inadequate management and control of cash and cash equivalents and payment flows. Image Systems monitors the Parent Company's and the Group's liquidity by continuously compiling liquidity forecasts that form the basis for decisions on possible borrowing or investment.

The maturity breakdown of contractual payment obligations related to the Group's financial liabilities is shown in the table below.

### MATURITY OF CONTRACTUAL PAYMENT OBLIGATIONS RELATED TO THE FINANCIAL LIABILITIES OF THE GROUP/PARENT COMPANY

<b>2023 GROUP</b>	<b>&lt;1 month</b>	<b>1-3 months</b>	<b>3 months- 1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Loan liabilities and loans from credit institutions	0.4	–	5.0	–	–	5.4
Accounts payable	11.9	0.3	–	–	–	12.2
Other liabilities	5.0	0	9.9	–	–	14.9
Lease liabilities	0.4	1.3	3.6	3.9	–	9.2
Accruals and deferred income	3.6	0.3	7.6	–	–	11.5
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>21.3</b>	<b>1.9</b>	<b>26.1</b>	<b>3.9</b>	<b>0.0</b>	<b>53.2</b>

<b>2022 GROUP</b>	<b>&lt;1 month</b>	<b>1-3 months</b>	<b>3 months- 1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Loan liabilities and loans from credit institutions	0.2	0.5	4.2	0,5	–	5.4
Accounts payable	11.9	0.2	0.3	0,2	–	12.6
Other liabilities	2.4	1.9	8.7	–	–	13.0
Lease liabilities	0.4	1.2	3.5	9,8	–	14.9
Accruals and deferred income	3.3	0.6	9.6	–	–	13.5
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>18.2</b>	<b>4.5</b>	<b>26.3</b>	<b>10,5</b>	<b>0</b>	<b>59.5</b>

<b>2023 PARENT COMPANY</b>	<b>&lt;1 month</b>	<b>1-3 months</b>	<b>3 months- 1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Loan liabilities and loans from credit institutions	–	–	–	–	–	–
Accounts payable	0.3	–	–	–	–	0.3
Other liabilities	0.2	–	–	–	–	0.2
Accruals and deferred income	0.2	0.3	0.4	–	–	0.9
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>0.7</b>	<b>0.3</b>	<b>0.4</b>	<b>0</b>	<b>0</b>	<b>1.4</b>

<b>2022 PARENT COMPANY</b>	<b>&lt;1 month</b>	<b>1-3 months</b>	<b>3 months- 1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Loan liabilities and loans from credit institutions	–	–	–	–	–	–
Accounts payable	0.6	–	–	–	–	0.6
Other liabilities	0.2	–	–	–	–	0.2
Accruals and deferred income	0.2	0.5	0.3	–	–	1.0
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1.0</b>	<b>0.5</b>	<b>0.3</b>	<b>0</b>	<b>0</b>	<b>1.8</b>

## NOTE 4 FINANCIAL TARGETS AND CAPITAL MANAGEMENT

The Board of Image Systems has established a financial objective which means that the Company shall ensure that financial obligations are fulfilled and that the expansion takes place at the pace stipulated in the business plan.

Image Systems' capital structure objectives are to ensure the Group's ability to continue as a going concern, to create long-term value growth for its shareholders and other stakeholders, and to maintain an optimal capital structure to keep the cost of capital low. In order to adjust the capital structure, the Group may issue new shares to increase the net debt.

To achieve this, the Board of Directors has determined that the Group aims to achieve a long-term operating margin (EBITDA) of 15 percent, a solidity of not less than 50 percent, and a net debt/equity ratio of less than 1. In 2023, the operating margin target was achieved as the EBITDA operating margin amounted to 9.1 percent (15.8), the solidity amounts to 63 percent (63), and the net debt/equity ratio to 0.1 (0.0).

The Group, like other companies in the industry, assesses its capital on the basis of the debt/equity ratio, which is calculated as follows:

Net debt, according to note 25  
divided by  
Total equity

In 2023, the Group's strategy, unchanged from 2022, was to maintain a debt-to-equity ratio of between 10 percent and 25 percent as the Group had not yet reached the long-term EBITDA margin of 15 percent at the beginning of the year. The debt/equity ratio excluding the lease liability according to IFRS 16 amounted to 7 percent, i.e., better than the set framework.

The debt-to-equity ratio as of December 31, 2023 and 2022, was as follows:

The Group's main borrowing facilities are overdraft facilities, which are secured by chattel mortgages. There are no other loan terms for these overdraft facilities.

	2023	2022
Net debt	8.0	-3.7
Total equity	116.0	122.9
Debt-to-equity ratio, %	7	-3

The Group's main borrowing facilities are overdraft facilities, which are secured by chattel mortgages. There are no other loan terms for these overdraft facilities.

## NOTE 5 BREAKDOWN OF REVENUE

### REVENUE RELATED TO NET SALES IN DIFFERENT MARKETS

GROUP	Motion Analysis				RemaSawco				Group			
	2023		2022		2023		2022		2023		2022	
	MSEK	%	MSEK	%	MSEK	%	MSEK	%	MSEK	%	MSEK	%
American continent	14.3	36	11.7	35	0.4	0	0.4	1	14.7	9	12.1	7
Europe <sup>1)</sup>	12.3	31	8.8	26	120.8	100	137.3	99	133.1	83	146.1	85
Asia including Oceania	12.9	33	12.9	39	-	0	-	0	12.9	8	12.9	8
<b>TOTAL</b>	<b>39.5</b>	<b>100</b>	<b>33.4</b>	<b>100</b>	<b>121.2</b>	<b>100</b>	<b>137.7</b>	<b>100</b>	<b>160.7</b>	<b>100</b>	<b>171.1</b>	<b>100</b>

<sup>1)</sup> The Group's Parent Company is located in Sweden. The Group's revenue from external customers in Sweden amounted to MSEK 88.6 (101.6).



## REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's net sales consist of the following main types of revenue by operating segment:

	RemaSawco		Motion Analysis		Group	
	2023	2022	2023	2022	2023	2022
Licenses	-	-	19.4	17.0	19.4	17.0
Project revenue	83.7	100.2	-	-	83.7	100.2
Product sales	9.5	15.2	5.9	6.8	15.4	22.0
Services	28.0	22.3	14.2	9.6	42.2	31.9
<b>TOTAL REVENUE</b>	<b>121.2</b>	<b>137.7</b>	<b>39.5</b>	<b>33.4</b>	<b>160.7</b>	<b>171.1</b>

## DESCRIPTION OF THE GROUP'S REVENUE

Below is a description of the business units' revenue in terms of nature, invoicing, the timing of satisfaction of performance obligations and revenue recognition, and significant payment terms.

## RemaSawco

**Project revenue**

Revenue is recognized based on how much of the total project is transferred to the customer. These projects include both Company products and project components. In fixed-price projects, the customer pays the agreed price at agreed times of payment. If the services the Group has delivered exceed the payment, a contract asset is recognized. If payments exceed the services delivered, a contract liability is recognized.

**Product sales**

Refers mainly to spare and replacement parts. Customers are invoiced upon delivery, and payment terms are normally 30 days.

**Services**

Refers mainly to service and support and are carried out on an ongoing basis, and are recognized as the services are rendered. Customers are invoiced and usually pay in arrears for services rendered.

## Motion Analysis

**Licenses**

Revenue for the permanent usufruct of software is recognized immediately at the time of delivery when the customer obtains control of the software. Customers are invoiced upon contract signing/delivery, and payment terms are normally 30 days.

**Product sales**

Refers mainly to hardware for DIC systems and hardware associated with calibration or 3D model generation. Customers are invoiced upon delivery, and payment terms are normally 30 days.

**Services**

Relates mainly to support and training and is either on an ongoing basis and recognized as the services are rendered or as an annual support or subscription agreement that is recognized as revenue linearly over the contract period. Customers are invoiced and usually pay in arrears for training. Support and subscription contracts are normally invoiced annually in advance.

## Contract assets and contract liabilities

The Group recognizes trade receivables when there is an unconditional right to payment for services rendered. Accrued income is recognized related to fees and other remuneration for services rendered that have not yet been invoiced at the balance sheet date. Contracts invoiced in advance are recognized as deferred income in the balance sheet. Invoiced fees in fixed-price contracts for services not yet rendered are recognized as customer advances.

**Accrued revenue**

Of the year's opening balance of MSEK 0.5, MSEK 0.5 has been reclassified to trade receivables in 2023. For revenue recognized in 2023, accrued revenue at the end of the year is included by MSEK 0.5.

**Deferred revenue**

Of the year's opening balance of MSEK 8.0, MSEK 8.0 was recognized as revenue in 2023. Contracts invoiced in advance during 2023 are included in deferred revenue at the end of the year with MSEK 8.3.

**Non-invoiced project revenue**

Of the year's opening balance of MSEK 0.8, MSEK 0.8 was recognized as revenue in 2023. Invoiced fees in fixed-price assignments for services not yet rendered amount to MSEK 2.0 in the year's closing balance.

**Trade receivables and expected credit losses**

The Group has historically had very low credit loss costs. The reserve for bad customer debts amounted to MSEK 1.5 (1.7) on the balance sheet date of 2023-12-31 and mainly relates to expected credit losses relating to customers in the RemaSawco business unit. The expected level of credit losses is very low in relation to outstanding trade receivables and net sales. The effects of the model for calculating the reserve for expected credit losses under IFRS 9 amount to MSEK 0.4.

**Contract expenditure**

The Group has not reported any assets due to expenditure on obtaining or fulfilling agreements with customers.

**Transaction price allocated to remaining performance obligations**

The following table shows revenue expected to be recognized for performance obligations that are unfulfilled or partially unfulfilled at the balance sheet date and when the revenue is expected to be recognized.

Within one year from the balance sheet date	68.5
Later than one but within five years of the balance sheet date	4.8
Later than five years after the balance sheet date	-
<b>TOTAL</b>	<b>73.3</b>

**Parent Company**

The Parent Company's revenue mainly relates to invoicing of services rendered and re-invoiced Group-wide costs.

**NOTE 6****PURCHASES AND SALES BETWEEN GROUP COMPANIES**

For purchases and sales between Group companies, the same pricing policies are applied as for transactions with external parties.

	PARENT COMPANY	
	2023	2022
Percentage of sales to Group companies	100%	100%
Percentage of purchases from Group companies	0%	0%

**NOTE 7****OPERATING SEGMENTS**

The operating segments are based on the information processed by the CEO of Image Systems, who is the "chief operating decision maker" of the Image Systems Group, and which is used to monitor operations and strategic decisions. Key figures such as net sales, gross margin, and EBITDA are monitored per business unit and in total. The operating segments of Image Systems are the RemaSawco and Motion Analysis business units. The segments have their own sales and marketing organization but a common administration. EBITDA is the performance measure monitored by management, and it includes capitalized development costs. No single customer accounts for more than 5 percent of the Group's revenue. There are no inter-segment sales except for costs charged for shared rents and administrative services. All transactions are carried out on market terms. The Group's segments are defined by the Group's main product groups, which address completely different customer categories. The customers for all segments are located globally and the geographical breakdown, which is made according to the customers' geographical location, is presented in note 5. No further breakdown is made in the Group's internal reporting system.

Net sales and capitalized development hours and earnings by segment	2023	2022
RemaSawco	125.2	141.9
Motion Analysis	45.5	38.3
Parent Company and Group items	-	-
<b>Total revenue</b>	<b>170.7</b>	<b>180.2</b>
EBITDA (incl. capitalized development costs)		
RemaSawco	7.0	17.8
Motion Analysis	14.2	15.2
Head office costs and Group items	-5.7	-4.6
<b>EBITDA total (incl. capitalized development costs)</b>	<b>15.5</b>	<b>28.4</b>
Depreciation and amortization of tangible and intangible fixed assets	-20.8	-19.3
Operating profit	-5.3	9.1
Net financial items	-2.1	-1.1
Profit before tax	-7.4	8.0
Tax	0.6	0.6
<b>Profit/loss for the period</b>	<b>-6.8</b>	<b>8.6</b>

## NOTES

The Group's fixed assets other than financial instruments and tax assets are allocated according to their physical location, i.e., to the markets in which the Group operates.

<b>GROUP</b>	<b>2023</b>	<b>2022</b>
Sweden	59.7	59.5
Finland	45.4	52.9
Norway	0.0	0.0
<b>TOTAL</b>	<b>105.1</b>	<b>112.4</b>

## NOTE 8 SALARIES, OTHER BENEFITS, AND SOCIAL COSTS

	<b>GROUP</b>	
	<b>2023</b>	<b>2022</b>
<b>BOARD AND CEO</b>		
Salaries and other benefits	2.8	2.5
Social costs on salaries and benefits	0.9	0.8
Pension costs	0.5	0.4
Total	4.2	3.7
<b>OTHER EMPLOYEES</b>		
Salaries and other benefits	43.7	43.5
Social costs on salaries and benefits	13.2	13.2
Pension costs	6.6	6.3
Other personnel costs	2.3	3.0
<b>Total</b>	<b>65.8</b>	<b>66.0</b>
<b>TOTAL</b>	<b>70.0</b>	<b>69.7</b>

	<b>PARENT COMPANY</b>	
	<b>2023</b>	<b>2022</b>
<b>BOARD AND CEO</b>		
Salaries and other benefits	2.8	2.5
Social costs on salaries and benefits	0.9	0.8
Pension costs	0.5	0.4
Total	4.2	3.7
<b>OTHER EMPLOYEES</b>		
Salaries and other benefits	0.5	0.5
Social costs on salaries and benefits	0.1	0.1
Pension costs	0.3	0.3
Other personnel costs	0.1	0.1
<b>Total</b>	<b>1.0</b>	<b>1.0</b>
<b>TOTAL</b>	<b>5.2</b>	<b>4.7</b>

The Parent Company includes MSEK 1.1 relating to costs for Directors, which are recognized under other costs.

## REMUNERATION OF SENIOR EXECUTIVES

2023	Basic salary / Director's fee	Variable remuneration	Benefits	Pension costs	Other remuneration	Total remuneration
Chairman Anders Fransson	0.2	-	-	-	-	0.2
Director Catharina Lagerstam	0.2	-	-	-	-	0.2
Director Annika Ölme	0.1	-	-	-	-	0.1
Director Jan Molin	0.1	-	-	-	-	0.1
Director Matilda Wernhoff	0.1	-	-	-	-	0.1
Director Jörgen Hermansson	0.1	-	-	-	-	0.1
CEO Johan Friberg	1.6	0.3	0.1	0.5	-	2.5
Other senior executives (3 persons)	2.5	0.1	0.1	0.7	-	3.4
<b>TOTAL</b>	<b>4.9</b>	<b>0.4</b>	<b>0.2</b>	<b>1.2</b>	<b>-</b>	<b>6.7</b>

2022	Basic salary / Director's fee	Variable remuneration	Benefits	Pension costs	Other remuneration	Total remuneration
Chairman Anders Fransson	0.2	-	-	-	-	0.2
Director Catharina Lagerstam	0.2	-	-	-	-	0.2
Director Annika Ölme	0.1	-	-	-	-	0.1
Director Jan Molin	0.1	-	-	-	-	0.1
Director Matilda Wernhoff	0.1	-	-	-	-	0.1
Director Jörgen Hermansson	0.1	-	-	-	-	0.1
CEO Johan Friberg	1.6	0.3	0.1	0.4	-	2.4
Other senior executives (2 persons)	2.6	0.4	0.1	0.6	-	3.7
<b>TOTAL</b>	<b>5.0</b>	<b>0.7</b>	<b>0.2</b>	<b>1.0</b>	<b>0.0</b>	<b>6.9</b>

**Comments on the tables**

Other senior executives refer to the persons who, together with the Chief Executive Officer, comprise the Group management. For more information on pensions, see below.

**Policies**

The remuneration of the Board of Directors is decided by the Annual General Meeting. Fees are paid to the Chairman of the Audit and Remuneration Committee as decided by the AGM. The entire Board constitutes the Remuneration Committee. Remuneration to the CEO consists of basic salary, variable salary (bonus), and pension. Other senior executives' remuneration consists of basic salary, variable salary (bonus), and pension. Variable remuneration of MSEK 0.3 (0.3) has been paid to the CEO for the 2023 financial year. Variable remuneration has been paid to other senior executives of MSEK 0.1 (0.4).

**Remuneration and other benefits**

In accordance with the general meeting's decision on fees to the Board, MSEK 1.2 (1.2) has been expensed in 2023, of which MSEK 0.2 (0.2) to the Chairman of the Board. For Johan Friberg, salary and other remuneration amounting to MSEK 2.0 and pension payments of MSEK 0.5 have been expensed in 2023. For other senior executives, there are premium-based pensions within the framework of the general pension plan.

**Pensions**

Pension costs refer to the cost that has affected the profit for the year. All pension commitments in the Group are fee-based. The Swedish Company has no signed agreement with Alecta. The pension agreement for senior executives states that the premium shall amount to 15–30 percent of the pensionable salary. The retirement age for all senior executives is 65 years.

**Warrants**

The 2021 Annual General Meeting resolved on an incentive program consisting of 2,000,000 warrants expiring on August 31, 2024, with an exercise price of SEK 2.0. Upon full utilization, the Company's share capital will increase by SEK 210,000.00 and equity by MSEK 4.0. The exercise period takes place in August 2024.

The 2023 Annual General Meeting resolved on an incentive program consisting of 2,020,000 warrants expiring on August 31, 2026, with an exercise price of SEK 2.835. Upon full utilization, the Company's share capital will increase by SEK 52,520.00 and equity by MSEK 5.7. The exercise period takes place in August 2026.

**Severance pay**

All senior executives are deprived of the right to severance pay.



## NOTES

	2023	2022
<b>MEMBERS OF THE BOARD</b>		
Men	3	3
Women	3	3
<b>Total</b>	<b>6</b>	<b>6</b>
<b>MANAGEMENT TEAM (INCLUDING CEO)</b>		
Men	3	3
Women	1	2
<b>Total</b>	<b>4</b>	<b>5</b>
	<b>2023</b>	<b>2022</b>
<b>EMPLOYEE DISTRIBUTION</b>		
<b>PARENT COMPANY</b>		
Men	1	1
Women	1	1
Total	2	2
Group companies	65	70
<b>Group total</b>	<b>67</b>	<b>72</b>
<b>Of which in</b>		
<b>SWEDEN</b>		
Men	47	50
Women	8	9
<b>Total</b>	<b>55</b>	<b>59</b>
<b>FINLAND</b>		
Men	9	10
Women	1	1
Total	10	11
<b>NORWAY</b>		
Men	2	2
Women	-	-
<b>Total</b>	<b>2</b>	<b>2</b>
<b>GROUP TOTAL</b>	<b>67</b>	<b>72</b>
Men	58	62
Women	9	10
<b>TOTAL</b>	<b>67</b>	<b>72</b>

## NOTE 9 AUDITORS' REMUNERATION

Audit assignments refer to the auditors' remuneration for the statutory audit. The work includes the audit of the financial year report and accounting, the administration of the Board and the CEO, and the fee for audit advice provided in connection with the audit assignment. Audit activities other than the audit assignment relate to the review of the quarterly report and other quality assurance services.

	GROUP	
	2023	2022
PricewaterhouseCoopers *		
Audit assignment	0.9	0.9
Audit activities other than the audit assignment	-	-
Tax advice	0.0	-
Other assignments	-	-
<b>OTHER AUDITORS</b>		
Audit assignment	0.1	0.1
Audit activities other than the audit assignment	-	-
Tax advice	-	-
<b>TOTAL</b>	<b>1.0</b>	<b>1.0</b>

	PARENT COMPANY	
	2023	2022
PricewaterhouseCoopers *		
Audit assignment	0.9	0.7
Audit activities other than the audit assignment	0.0	-
Tax advice	0.0	-
Other assignments	-	-
<b>OTHER AUDITORS</b>		
Audit assignment	-	-
Audit activities other than the audit assignment	0.0	-
Tax advice	-	-
<b>TOTAL</b>	<b>0.9</b>	<b>0.7</b>

\*As of the 2017 financial year, information is provided on the proportion of the Group's total remuneration to auditors that relates to the audit firm elected by the Annual General Meeting in Sweden. In 2023, MSEK 0.9 (0.9) referred to remuneration to PricewaterhouseCoopers AB in Sweden.

## NOTE 10 OTHER OPERATING INCOME AND COSTS

	GROUP	
	2023	2022
<b>Other operating income</b>		
Exchange differences	-	0.8
<b>Total</b>	<b>-</b>	<b>0.8</b>
<b>Other operating costs</b>		
Customer losses	-	-
Exchange differences	-0.6	-
<b>TOTAL</b>	<b>-0.6</b>	<b>0.0</b>

	PARENT COMPANY	
	2023	2022
Other operating income		
Exchange differences	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Other operating costs		
Customer losses	-	-
Exchange differences	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

## NOTE 11 GROUP CONTRIBUTIONS

The Parent Company has received Group contributions totaling MSEK 10.0 (20.5). Image Systems Nordic AB contributed 10.0 (11.5) of this total Group contribution and RemaSawco AB MSEK 0.0 (9.0).

## NOTE 12 TAXES

### RECOGNIZED IN THE INCOME STATEMENT

(MSEK)	GROUP	
	2023	2022
Income tax	-	-
Deferred tax	0.6	0.6
<b>TOTAL TAX ON PROFIT FOR THE YEAR</b>	<b>0.6</b>	<b>0.6</b>

(MSEK)	PARENT COMPANY	
	2023	2022
Income tax	-	-
Deferred tax	-	-
<b>TOTAL TAX ON PROFIT FOR THE YEAR</b>	<b>-</b>	<b>-</b>

## EFFECTIVE TAX RECONCILIATION

	GROUP	
	2023	2022
Reported profit before tax	-7.4	8.0
Tax at the current rate of 20.6%	1.5	-1.7
Reported tax on profit for the year	0.6	0.6
Difference	-0.9	2.3
The difference is explained by:		
Tax effect of non-deductible items	-1.2	-1.4
Tax effect of non-taxable revenue	0.0	0.1
Effect of foreign tax rate differences	-	-
Increase in loss carryforwards without corresponding capitalization of tax losses	0.3	-
Consumption of loss carryforwards not capitalized in prior years	0.0	3.6
Capitalization of loss carryforwards	-	-
<b>TOTAL</b>	<b>-0.9</b>	<b>2.3</b>

	PARENT COMPANY	
	2023	2022
Reported profit before tax	3.5	-34.5
Tax at the current rate of 20.6%	-0.7	7.1
Reported tax on profit for the year	0.0	0.0
Difference	0.7	-7.1
The difference is explained by:		
Tax effect of non-deductible items	-0.2	-10.3
Tax effect of non-taxable revenue		-
Effect of foreign tax rate differences		-
Increase in loss carryforwards without corresponding capitalization of tax losses		-
Consumption of loss carryforwards not capitalized in prior years	0.9	3.2
Capitalization of loss carryforwards	-	-
<b>TOTAL</b>	<b>0.7</b>	<b>-7.1</b>

## DEFERRED TAX ASSETS

	GROUP	
	2023	2022
Opening acquisition value	19.1	19.1
Acquisitions in the year	-	-
Reclassification	-	-
Utilization for the year	-	-
<b>CLOSING CARRYING AMOUNT</b>	<b>19.1</b>	<b>19.1</b>

	PARENT COMPANY	
	2023	2022
Opening acquisition value	12.0	12.0
Acquisitions in the year	-	-
Reclassification	-	-
Utilization for the year	-	-
<b>CLOSING CARRYING AMOUNT</b>	<b>12.0</b>	<b>12.0</b>



## NOTES

The Group's loss carryforwards amount to approximately MSEK 238 (237), of which MSEK 238 (237) can be utilized without a time limit. Deferred tax assets relating to unused loss carryforwards are recognized when the Company considers it probable that taxable profits will be available in the foreseeable future (IAS 12). It is estimated that loss carryforwards of MSEK 93 in 2023 can be utilized over the next five years, corresponding to a deferred tax asset of MSEK 19.1. The deferred tax asset consists mainly of loss carryforwards.

The Parent Company's loss carryforwards of MSEK 198 (202) may be affected by significant changes in ownership. Image Systems AB has recognized a deferred tax asset of MSEK 12.0 (12.0).

### DEFERRED TAX LIABILITIES

	GROUP	
	2023	2022
Opening acquisition value	6.0	6.6
Acquisitions in the year	-	-
Utilization for the year	-0.5	-0.6
<b>CLOSING CARRYING AMOUNT</b>	<b>5.5</b>	<b>6.0</b>

The Group's deferred tax liabilities arise from the acquisition of RemaSawco OY and will be linearly dissolved over 10 years.

## NOTE 13 INTANGIBLE FIXED ASSETS

### IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Image Systems' most important accounting policies are mainly described in note 2 Accounting policies. The preparation of Image Systems AB's Consolidated Financial Statements require a number of estimates and assumptions to be made that may affect the reported amounts of assets, liabilities, and provisions at the time of preparing the financial statements. In preparing the financial statements, the Image Systems Group has made the best possible assessment of a number of amounts in the financial statements, taking into account their relevance and significance. These assessments may result in actual outcomes inconsistent with previously made estimates, as future results are currently unknown. In accordance with IAS 1, the Company shall disclose specifically which accounting policies may be affected by estimates and assumptions made and which, if outcomes are not consistent with the estimates made, may have a significant effect on the financial statements. The sources of uncertainty identified by the Image Systems Group that are deemed to meet these criteria are described in note 14 Goodwill, note 15 Trademarks, and note 16 Customer relationships for impairment testing of intangible assets.

### SOURCES OF UNCERTAINTY IN ESTIMATES

Intangible fixed assets, except for goodwill, are written off over their estimated useful lives. The estimated useful lives are based on an estimate of the period over which the assets will generate revenue. If there is an indication on the balance sheet date that an intangible fixed asset is impaired, the asset's recoverable amount will be calculated. The recoverable amount is the higher of the asset's net selling price and value-in-use, based on the management's estimate of future cash flows. If the estimated recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount. To determine the recoverable amount, estimated future cash flows are used, which are based on internal business plans and forecasts. Even if management believes that estimated future cash flows are reasonable, other assumptions regarding cash flows may significantly affect the measurements made.

Goodwill with an indefinite useful life is tested for impairment annually, or more frequently if necessary, by calculating its value. These calculations require management to determine the fair value of the Group's cash-generating units based on projected cash flows and internal business plans and forecasts. Excess value varies between the different activities and is therefore sensitive to different degrees of changes in assumptions and external factors. See further note 14.

The intangible assets consist of acquired goodwill, acquired customer relationships, and trademarks related to the acquisition of RemaSawco; acquired customer relationships, and trademarks related to the acquisition of Image Systems Nordic; and acquired goodwill, and acquired customer relationships related to RemaSawco OY. For further description and explanation of the assessment of the useful life, see notes 14, 15, and 16.

## NOTE 14 GOODWILL

Goodwill is recognized as an intangible fixed asset with an indefinite useful life. For non-depreciable assets such as goodwill, an annual impairment test is carried out by calculating the asset's recoverable amount, except when there is an indication of impairment. If the estimated recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount.

The recoverable amount of a cash-generating unit has been determined based on the calculated value in use. The main assumptions in the value-in-use calculations relate to growth rates, profit margins, investment requirements, changes in working capital requirements, and discount rates. Image Systems estimates future cash flows based on the latest business plan approved by management (budget for 2024 and forecast for 2025–2028) for the cash flow generating segments RemaSawco and Motion Analysis.

Management has estimated future cash flows based on past performance, achieved growth, and expectations of future market development. During 2024–2026, the cash-generating units are expected to show positive growth compared to 2023. Sales during the forecast period are expected to grow by eight (8) percent per year, and the margin improvement is expected to increase by fifteen (15) percentage points over the period. Cash flows beyond the forecast period are extrapolated using an estimated growth rate of two (2) percent. The growth rate beyond the three-year period is not expected to exceed the long-term growth rate of the industry in which the Company operates. The discount rates used are stated pre-tax and reflect the prevailing interest rate environment (risk-free rate) and the other specific risks assessed for the cash-generating activities. The pre-tax discount rate (WACC) in the Company's estimate is 13.4 (13.2) percent for RemaSawco and 14.0 (13.2) percent for Motion Analysis.

The Image Systems Group has also tested whether an increase in the discount rate would result in an impairment. An increase in the discount rate by 5 percentage points would not result in an impairment for RemaSawco. The carrying amount of goodwill in the cash-generating units Motion Analysis and RemaSawco is MSEK 0 and MSEK 36.1, respectively.

	GROUP	
	2023	2022
Opening acquisition value	36.1	36.1
Acquisitions in the year	-	-
<b>CLOSING ACCUMULATED ACQUISITION VALUE</b>	<b>36.1</b>	<b>36.1</b>

RemaControl and Sawco were acquired in 2012. A goodwill amount of MSEK 10.5 was established at the time of the acquisition. In 2018, Limab Oy (renamed RemaSawco OY) was acquired. The goodwill amount for RemaSawco Oy has been adjusted in spring 2019 and set at MSEK 25.6 and is thus not affected by currency effects.

## NOTE 15 TRADEMARKS

	GROUP	
	2023	2022
Opening acquisition value	19.5	19.5
Closing accumulated acquisition value	19.5	19.5
Opening depreciation and amortization	-19.5	-18.5
Depreciation for the year according to plan	-	-1.0
<b>Closing accumulated depreciation/amortization</b>	<b>19.5</b>	<b>-19.5</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>0.0</b>	<b>0.0</b>

In the acquisition of RemaSawco, trademarks with a value of MSEK 10.0 were identified. RemaSawco has well-established and well-known trademarks in the Nordic sawmill industry. The useful life was set at the time of the acquisition at 15 years, in 2014 a renewed analysis was made regarding the useful life which was then changed to 10 years which means that the trademarks at the end of 2022 were fully written off.

## NOTE 16 CUSTOMER RELATIONSHIPS

	GROUP	
	2023	2022
Opening acquisition value	84.5	84.5
Acquisitions in the year	-	-
Closing accumulated acquisition value	84.5	84.5
Opening depreciation and amortization	-60.8	-56.0
Depreciation for the year according to plan	-4.4	-4.8
<b>Closing accumulated depreciation/amortization</b>	<b>-65.2</b>	<b>-60.8</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>19.3</b>	<b>23.7</b>

Customer relationships refer partly to customer relationships in the Motion Analysis business unit, which was acquired in connection with the acquisition of Image Systems Nordic, amounting to MSEK 9.1, and partly to customer relationships in RemaSawco, which was acquired in March 2012, amounting to MSEK 29.9.

The useful life of the above customer relationships has been set at 10 years, which means that the customer relationships were fully written off at the end of 2022.

On June 1, 2018, customer relationships of MSEK 43.7 were added through the acquisition of RemaSawco OY. The depreciation/amortization period has been set at 10 years, meaning that customer relationships are written off by MSEK 4.4 per year until 2028.

## NOTE 17 CAPITALIZED DEVELOPMENT COSTS

	GROUP	
	2023	2022
Opening acquisition value	51.4	41.5
Through acquisitions	-	-
Acquisitions in the year	10.8	9.9
Disposals	-	-
Recalculation difference	-	-
<b>Closing accumulated acquisition value</b>	<b>62.2</b>	<b>51.4</b>
Opening depreciation and amortization	-16.3	-9.7
Depreciation for the year according to plan	-7.3	-6.7
Recalculation difference	-	0.1
<b>Closing accumulated write-downs</b>	<b>23.6</b>	<b>16.3</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>38.6</b>	<b>35.1</b>

Expenditure on specific development projects is capitalized as follows: Capitalization of the Group's development costs is only done for new products if the expenses are significant, the products have a likely profit potential expected to accrue to the Company, and the expenses are clearly separable from the ongoing product development costs. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Any need for impairment is evaluated on an ongoing basis.

Capitalized development costs relate to twenty-one development projects in RemaSawco (of which twelve projects were actively worked up, and seven projects were written off, of which one project was fully written off in 2023. Two more projects have already been fully written off). Capitalized development expenditure relates to three development projects in Image Systems Nordic AB (of which two projects were actively worked up, and two projects were written off of which one project was fully written off in 2023).

## NOTE 18 EQUIPMENT, TOOLS, AND INSTALLATIONS

EQUIPMENT, TOOLS, AND INSTALLATIONS	GROUP	
	2023	2022
Opening acquisition value	13.1	13.1
Through acquisitions	-	-
Purchases of the year	0.5	0.0
Disposals	-3.5	0.0
Recalculation difference	0.0	0.0
<b>Closing accumulated acquisition value</b>	<b>10.1</b>	<b>13.1</b>
Opening depreciation/amortization	-9.4	-8.7
Disposals	3.5	0.0
Depreciation/amortization for the year	-3.2	-1.2
Reclassification	-	0.5
Recalculation difference	0.1	0.0
<b>Closing accumulated depreciation/amortization</b>	<b>-9.0</b>	<b>-9.4</b>
<b>Closing carrying amount</b>	<b>1.1</b>	<b>3.7</b>

## NOTE 19 LEASING

### INFORMATION ABOUT LEASING IN 2023

LEASING	GROUP	
	2023	2022
Opening acquisition value	26.1	29.0
Revaluation	-1.0	-1.1
Purchases	3.2	2.5
Disposals	-4.7	-4.3
<b>Closing accumulated acquisition value</b>	<b>23.6</b>	<b>26.1</b>
Depreciation, opening balance	-12.3	-10.5
Disposals	4.6	3.8
Depreciation for the year	-5.9	-5.6
Reclassifications	-	-
<b>Accumulated depreciation, closing balance</b>	<b>-13.6</b>	<b>-12.3</b>
<b>CLOSING CARRYING AMOUNT</b>	<b>10.0</b>	<b>13.8</b>

	Dec 31, 2023	Dec 31, 2022
<b>Right-of-use assets</b>		
Properties	7.7	12.0
Motor vehicles	2.3	1.8
<b>TOTAL</b>	<b>10.0</b>	<b>13.8</b>

	Dec 31, 2023	Dec 31, 2022
<b>Lease liabilities</b>		
Non-current lease liabilities	4.2	8.5
Current lease liabilities	5.0	4.9
<b>TOTAL</b>	<b>9.2</b>	<b>13.4</b>

	Dec 31, 2023	Dec 31, 2022
<b>Depreciation for the year by type of right-of-use asset</b>		
Properties	4.7	4.6
Motor vehicles	1.2	1.0
<b>TOTAL</b>	<b>5.9</b>	<b>5.6</b>

	Dec 31, 2023	Dec 31, 2022
<b>The due date for future payments included in the lease liability as of Dec 31, 2023</b>		
Paid within one year	3.9	4.9
Paid within one to five years	5.3	8.5
Paid later than five years	0.0	0.0
<b>TOTAL FUTURE LEASE PAYMENTS</b>	<b>9.2</b>	<b>13.4</b>

The maturity analysis for lease liabilities is presented in note 3. Agreed future lease fees are shown below, indicating the periods in which they fall due for payment.

## OTHER INFORMATION

	Dec 31, 2023	Dec 31, 2022
Interests relating to leasing commitments are included in net financial items for the full year 2023 with	0.4	0.5
Payments for rental contracts and leases will burden the cash flow for 2023 with	6.2	5.8
Investments during 2023 in right-of-use assets	3.2	0.8
Contracted future investments in rights-of-use as of December 31, 2023, that have not yet been recognized amount to	9.2	9.2

The Group has no outstanding short-term leases and has no low-value lease assets.

The reporting of leasing costs in the form of depreciation of right-of-use assets and interest expense has reduced the operating profit for 2023 by approximately MSEK 0.3 (0.0) compared with the reporting according to previously applicable policies. Operating profit before depreciation has improved by MSEK 6.5 (6.0).

The Group has, during the year, paid MSEK 6.9 (6.7) in leasing fees under the terms of the existing agreement. Of the Group's costs for leasing agreements, 83 percent (87) relates to rental contracts for premises, and the remainder relates to leased cars. There are no contracts with variable fees.

The Parent Company paid MSEK 0.1 (0.1) in leasing fees during the year.

The maturity analysis for lease liabilities is presented in note 3.

## NOTE 20 SHARES IN SUBSIDIARIES

	PARENT COMPANY	
	2023	2022
Opening acquisition value	82.8	131.2
Acquisitions in the year (shareholder contribution and write-down)	-	-48.4
<b>CLOSING ACQUISITION VALUE</b>	<b>82.8</b>	<b>82.8</b>

## THE GROUP INCLUDES THE FOLLOWING SUBSIDIARIES

Subsidiary	Capital share	Proportion of voting rights	Number of shares	Book value	
				2023	2022
Image Systems Nordic AB	100%	100%	541,125	10.0	10.0
RemaSawco AB	100%	100%	1,000	46.1	46.1
RemaSawco OY	100%	100%	1,000	26.7	26.7
<b>TOTAL BOOK VALUE</b>				<b>82.8</b>	<b>82.8</b>

## INFORMATION ON THE REGISTERED OFFICES OF SUBSIDIARIES

Company	Registration number	Residence
Image Systems Nordic AB	556550-5400	Linköping, Sweden
RemaSawco AB	556241-9365	Linköping, Sweden
RemaSawco OY	0882861-1	Mikkeli, Finland
<b>Other Group companies</b>		
Image Systems Trackeye Inc,	4521078	Delaware, USA
RemaSawco International AB, dormant	556731-1948	Linköping, Sweden
RemaSawco AS	985272808	Kongsvinger, Norway



## NOTE 21 INVENTORIES

	GROUP	
	2023	2022
Output stocks	13.1	13.6
<b>TOTAL</b>	<b>13.1</b>	<b>13.6</b>

## NOTE 22 OTHER CURRENT RECEIVABLES

	GROUP	
	2023	2022
Non-invoiced project revenue	0.8	0.5
Tax asset	0.8	0.4
Vendor note	0.4	2.8
Other	0.1	0.3
<b>TOTAL</b>	<b>2.1</b>	<b>4.0</b>

	PARENT COMPANY	
	2023	2022
Non-invoiced project revenue	-	-
Tax asset	0.2	0.2
Vendor note	0.4	0.4
Other	0.0	0.0
<b>TOTAL</b>	<b>0.6</b>	<b>0.6</b>

## NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

	PARENT COMPANY	
	2023	2022
Prepaid rents	0.3	0.7
Prepaid leasing fees	0.1	0.1
Prepaid insurance premiums	0.6	0.4
Other prepayments	1.3	1.0
Accrued income	1.5	0.8
<b>TOTAL</b>	<b>3.8</b>	<b>3.0</b>

	PARENT COMPANY	
	2023	2022
Prepaid rents	-	-
Prepaid leasing fees	0.0	0.0
Prepaid insurance premiums	0.2	0.2
Other prepayments	0.2	0.2
Accrued income	-	-
<b>TOTAL</b>	<b>0.4</b>	<b>0.4</b>

## NOTE 24 LOANS FROM CREDIT INSTITUTIONS

	GROUP	
	2023	2022
Non-current loans from credit institutions	-	0.4
Current loans from credit institutions	5.4	5.0
<b>TOTAL</b>	<b>5.4</b>	<b>5.4</b>

	PARENT COMPANY	
	2023	2022
Non-current loans from credit institutions	-	-
Current loans from credit institutions	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

Loans from credit institutions consist partly of an overdraft facility that has been utilized by MSEK 5.0 (2.9) and partly of other bank loans of MSEK 0.4 (2.5). Chattel mortgages secure the loans. There are no further covenants. The undrawn part of the credit facility amounted to MSEK 13.4 (15.7).

## NOTE 25 RECONCILIATION OF NET DEBT

Net debt and changes in net debt are analyzed below for the periods presented.

	GROUP	
	2023	2022
Cash and cash equivalents	6.6	22.5
Loan liabilities (including overdraft facility)	5.4	5.4
Lease liability	9.2	13.4
<b>Net debt</b>	<b>8.0</b>	<b>-3.7</b>
Cash and cash equivalents	6.6	22.5
Gross debt with fixed interest rate	9.2	13.4
Gross debt with variable interest rate	5.4	5.4
<b>Net debt</b>	<b>8.0</b>	<b>-3.7</b>

## NOTE 26 FINANCIAL INSTRUMENTS

### FAIR VALUE

The carrying amount of short-term receivables corresponds to their fair value. The fair value of receivables with variable interest rates corresponds to their carrying amount. Most of the interest-bearing liabilities have floating interest rates, so the carrying amount at the balance sheet date corresponds to their fair value. The Group has not used any derivative instruments for either assets or liabilities. Nor does the Group have any assets classified as available for sale.

### ASSETS IN THE BALANCE SHEET CLASSIFIED AS LOANS AND RECEIVABLES

	GROUP	
	2023	2022
Trade and other receivables	33.6	22.9
Cash and cash equivalents	6.6	22.5
<b>TOTAL</b>	<b>40.2</b>	<b>45.4</b>

	PARENT COMPANY	
	2023	2022
Trade and other receivables	14.6	11.6
Cash and cash equivalents	0.0	0.3
<b>TOTAL</b>	<b>14.6</b>	<b>11.9</b>

## LIABILITIES ON THE BALANCE SHEET CLASSIFIED AS OTHER FINANCIAL LIABILITIES AT AMORTIZED COST

	GROUP	
	2023	2022
Liabilities to credit institutions	5.4	5.4
Accounts payable	12.2	12.6
Lease liability	9.2	13.4
<b>TOTAL</b>	<b>26.8</b>	<b>31.4</b>

	PARENT COMPANY	
	2023	2022
Liabilities to credit institutions	-	-
Accounts payable	0.3	0.6
Lease liability	-	-
<b>TOTAL</b>	<b>0.3</b>	<b>0.6</b>

## NOTE 27

### TRANSACTIONS WITH RELATED PARTIES

Remuneration and terms of employment contracts for senior executives and individual Directors are set out in note 8. The Company has not provided any guarantees or sureties to or for the benefit of the Directors or senior executives. During the current or previous financial year, none of the Directors or senior executives has had any direct or indirect involvement in business transactions with the Company which are or were unusual in nature or in their terms and which in any respect remain unsettled or unresolved.

Purchases and sales between the Parent Company and subsidiaries, and between the subsidiaries alone, have been made on market terms and have been eliminated in the Group.

#### Options program

The 2021 Annual General Meeting resolved on an incentive program consisting of 2,000,000 warrants expiring on August 31, 2024, with an exercise price of SEK 2.0. Upon full utilization, the Company's share capital will increase by SEK 210,000.00 and equity by MSEK 4.0. See further note 8. The Company has issued 2,000,000 warrants at a price of SEK 0.105 per warrant.

The 2023 Annual General Meeting resolved on an incentive program consisting of 2,020,000 warrants expiring on August 31, 2026, with an exercise price of SEK 2.835. Upon full utilization, the Company's share capital will increase by SEK 52,520.00 and equity by MSEK 5.7. See further note 8. The Company has issued 2,020,000 warrants at a price of SEK 0.026 per warrant.

## NOTE 28

### ACCRUALS AND DEFERRED INCOME

	GROUP	
	2023	2022
Personnel related costs	8.5	10.5
Accrued board, audit, and consultancy fees	2.6	2.6
Prepaid service contracts	8.3	8.0
Other items	0.4	0.3
<b>TOTAL</b>	<b>19.8</b>	<b>21.4</b>

## NOTES

	PARENT COMPANY	
	2023	2022
Personnel related costs	0.3	0.6
Accrued board, audit, and consultancy fees	0.6	0.4
Prepaid service contracts	-	-
Other items	-	-
<b>TOTAL</b>	<b>0.9</b>	<b>1.0</b>

## NOTE 29 COLLATERAL PROVIDED AND CONTINGENT LIABILITIES

	GROUP	
	2023	2022
COLLATERAL PROVIDED		
Chattel mortgages	55.3	55.3
<b>TOTAL</b>	<b>55.3</b>	<b>47.8</b>
CONTINGENT LIABILITIES		
Advance payment guarantees	4.0	22.1

	PARENT COMPANY	
	2023	2022
COLLATERAL PROVIDED		
Chattel mortgages	11.3	11.3
<b>TOTAL</b>	<b>11.3</b>	<b>11.3</b>
CONTINGENT LIABILITIES		
Advance payment guarantees	-	-

Advance payment guarantees refer in their entirety to bank guarantees provided on advances received within RemaSawco.

## NOTE 30 ADJUSTMENTS FOR NON-CASH ITEMS

	GROUP	
	2023	2022
Depreciation/amortization of assets	20.8	19.3
Unrealized exchange rate differences	-	-
Other items	-1.7	-0.3
<b>TOTAL</b>	<b>19.1</b>	<b>19.0</b>

	PARENT COMPANY	
	2023	2022
Depreciation/amortization of assets	-	-
Unrealized exchange rate differences	-	-
Group contributions	10.0	20.5
Other items	-0.8	-2.1
<b>TOTAL</b>	<b>9.2</b>	<b>18.4</b>

## NOTE 31 FINANCING ACTIVITIES

GROUP (MSEK)	Cash and cash equivalents	Loans from credit institutions	Current lease liabilities	Non-current lease liabilities	Total
Net debt as of January 1, 2022	7.1	-6.9	-5.2	-12.8	-17.8
Cash flow	15.4	1.5	0.3	4.3	21.5
Net debt as of December 31, 2022	22.5	-5.4	-4.9	-8.5	3.7
Cash flow	-15.9	0.0	0.7	3.5	-11.7
Net debt as of December 31, 2023	6.6	-5.4	-4.2	-5.0	-8.0

Cash and cash equivalents refer to bank balances in SEK, USD, EUR, and NOK.

## NOTE 32 EARNINGS PER SHARE

	2023	2022
Of which attributable to Parent Company shareholders, MSEK	-6.8	8.6
Earnings per share in SEK, before dilution	-0.08	0.10
Earnings per share in SEK, after dilution	-0.08	0.10
The weighted average number of shares before dilution	89,207,818	89,207,818
The weighted average number of shares after dilution	89,207,818	89,207,818

## NOTE 33 PROPOSAL ON ALLOCATION OF PROFITS

At the disposal of the Annual General Meeting is:	MSEK
Retained earnings	96.2
Net profit for the year	3.5
<b>TOTAL</b>	<b>99.7</b>

The Board proposes:	MSEK
to carry forward	99.7
<b>TOTAL</b>	<b>96.7</b>

## NOTE 34 EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the end of the reporting period.

## NOTE 35 SHARE INFORMATION

### SHARE CAPITAL

The share capital as 2023-12-31 in Image Systems amounts to SEK 8,920,781.80, divided into 89,207,818 shares with a quota value of SEK 0.10 per share. According to Image Systems' Articles of Association, the share capital shall amount to a minimum of SEK 8,500,000 and a maximum of SEK 34,000,000. The number of shares shall be not less than 85.0 million and not more than 340.0 million.

All issued shares are fully paid up and carry equal rights to the Company's assets and profits, and entitle the holder to one vote. In the case of a liquidation of the Company, shareholders are entitled to a share of the surplus in proportion to the number of shares they hold. The shares in Image Systems have been issued under Swedish law and are denominated in Swedish kronor (SEK). The shares are registered in electronic form and are accounted for by Euroclear Sweden AB according to the reconciliation provision in the Articles of Association. Share certificates are not issued. There are no restrictions on the transferability of the shares. The Company's share is neither subject to an offering made as a result of a mandatory bid, redemption right, or redemption obligation.

### SHARE CAPITAL PERFORMANCE

The number of issued shares at the beginning of the period was 89,207,818, with a quota value of SEK 0.10 per share. At the end of the period, the number of issued shares was 89,207,818 with a quota value of SEK 0.10 per share.



# THE BOARD'S ATTESTATION

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The Consolidated Financial Statements and the Annual Report have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards and generally accepted accounting policies and give a true and fair view of the Group's and the Parent Company's financial position and performance. The administration report for the Group and the Parent Company, respectively, provides a fair overview of the development of the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainties that the Parent Company and the companies included in the Group are facing.

Linköping, April 4, 2024

Anders Fransson  
Chairman of the Board

Catharina Lagerstam  
Director

Jan Molin  
Director

Matilda Wernhoff  
Director

Annika Ölme  
Director

Jörgen Hermansson  
Director

Johan Friberg  
Chief Executive Officer

Our auditor's report was submitted on April 4, 2024

PricewaterhouseCoopers AB

Nicklas Kullberg  
Authorized Public Accountant

# AUDIT REPORT



To the general meeting of Image Systems AB (publ), reg. no. 556319-4041

## REPORT ON THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

### OPINIONS

We have audited the Annual Report and Consolidated Financial Statements of Image Systems AB (publ) for the year 2022. The Company's Annual Report and Consolidated Financial Statements are included on pages 34–72 of this document.

In our opinion, the Annual Report has been prepared in accordance with the Swedish Annual Accounts Act, and provides, in all material respects, a fair view of the Parent Company's financial position as of 31 December 2022, and of its financial results and cash flow for the year, according to the Swedish Annual Accounts Act. The Consolidated Financial Statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the Annual Report and Consolidated Financial Statements.

We therefore recommend that the Annual General Meeting approves the income statement and the balance sheet for the Parent Company and the Group.

Our opinions in this audit on the Annual Report and Consolidated Financial Statements are consistent with the content of the supplementary report submitted to the Audit Committee of the Parent Company and the Group in accordance with Article 11 of the Audit Regulation (537/2014).

### BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, to the best of our knowledge and belief, no prohibited services referred to in Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited Company or, where applicable, its Parent Company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## OUR AUDIT APPROACH

### Focus and scope of the audit

We designed our audit by determining the materiality level and assessing the risk of material errors in the financial statements. In particular, we considered the areas where the Chief Executive Officer and the Board of Directors made subjective assessments, such as significant accounting estimates based on assumptions and forecasts of future events, which are inherently uncertain. We also considered, as in all audits, the risk of override of internal controls by the Board and the CEO and considered, among other things, whether there is evidence of systemic deviations giving rise to a risk of material misstatements due to fraud.

We tailored the scope of our audit to perform sufficient work to provide an opinion on the financial statements as a whole, taking into account the structure of the Company and the Group, the accounting processes and controls, and the industry in which the Group operates.

### Materiality

The scope and focus of the audit were influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements contain any material misstatements. Such misstatements can occur as a result of fraud or error. They are considered material if, individually or collectively, they could reasonably be expected to influence the economic decisions made by users on the basis of the financial statements.

Based on professional judgment, we determined certain quantitative thresholds for materiality, including for the financial reporting as a whole (see the following table). Using these and qualitative considerations, we determined the focus and scope of the audit and the nature, timing, and extent of our audit procedures, as well as assessing the effect of individual and combined misstatements on the financial statements as a whole.

**KEY AUDIT MATTERS**

The key audit matters are those which importance for the audit are those that, according to our professional judgment, were the most significant for the audit of the annual report and the consolidated financial statements for the current period. These areas were addressed within the framework of the audit of, and in our stance towards, the annual report and the consolidated financial statements as a whole, but we do not make any separate statements about these areas.

**Key audit matter**

<b>Valuation of ongoing projects in the RemaSawco business unit</b>	<b>How our audit addressed the key audit matter</b>
<p>The Group's total revenues in 2023 amounted to SEK 161 million, of which SEK 121 million are attributable to the RemaSawco business area. The revenues in this business area are largely attributable to fixed-price projects and are accounted for according to the percentage of completion method. This means that revenues and costs within the projects are recognized in pace with the degree of completion of the projects. At the balance sheet date, the company needs to calculate and assess the relationship between incurred expenses and total estimated expenses in each project. We consider this as a particularly significant area in our audit since this valuation is based on significant estimation and judgment and since the business area constitutes a significant part of the total revenues in the group.</p> <p>See also note 2 accounting principles, note 3 risks, and note 5, 7 (Revenue distribution, Business segments).</p>	<p>Our audit includes evaluating the applied principles for revenue recognition, evaluation of the internal control and the procedures the company has linked to revenue recognition, analytical review of revenues and accrual items in the balance sheet. Our audit also includes reviewing the company's calculation files related to the percentage of completion method and detailed review of selected projects against documentation to ensure the existence and accuracy of the data on which the calculations are based.</p> <p>The results of these audit procedures have not led to any significant observations in the audit.</p>

<b>Valuation of Intangible Assets Attributable to Business Area RemaSawco</b>	<b>How our audit addressed the key audit matter</b>
<p>Goodwill and other intangible assets constitute a significant part of the group's balance sheet and the items are sensitive to possible impairment needs. According to IFRS, management must perform an annual impairment test of the assets, which includes an assessment of expected future cash flows, expected future growth, and discount rate. This requires a high degree of judgment and subjectivity and can be affected by external factors.</p> <p>The company's impairment testing has not led to any impairment.</p> <p>See also note 2 accounting principles, note 3 Risks, and note 13-17 (good will, brands, customer relationships, capitalized development costs).</p>	<p>Our audit includes a combination of evaluating the internal control over financial reporting, analytical review, and detailed review of management's impairment testing. We have reviewed and assessed the reasonableness of the assumptions about annual growth rate, sales volumes, and discount rate presented to us by the company management.</p> <p>We have reviewed that the cash flow forecasts are consistent with the budget prepared by the company management. We have, with the support of internal valuation specialists, reviewed the methodology in the valuation models.</p> <p>We have assessed the content of the disclosures about the impairment testing provided in the annual report.</p> <p>The results of these audit procedures have not led to any significant observations in the audit.</p>

<b>Valuation of Deferred Tax Assets</b>	<b>How our audit addressed the key audit matter</b>
<p>In cases where the accounting rules do not fully align with tax regulations, the tax and accounting values of assets and liabilities may differ, resulting in the tax in the accounting not matching the tax calculated according to the accounting rules. If the difference affects taxation in a future period, it is referred to as temporary differences, on which deferred tax is booked. A deferred tax asset related to losses is recognized to the extent that there is "convincing evidence" that the amounts can be utilized against future taxable profits. The group has assessed that tax loss carryforwards will be able to be utilized against future taxable profits and thereby recognizes deferred tax assets totaling SEK 19.1 million.</p> <p>The company's impairment testing has not led to any impairment.</p> <p>See also note 1 accounting principles and note 12 taxes.</p>	<p>Our audit includes a combination of evaluating the internal control over financial reporting, analytical review, and detailed review of management's assessment regarding the activation of deferred tax. In the audit, we have reviewed forecasts of future earnings and we have examined the company's calculations regarding deferred tax assets.</p> <p>The results of these audit procedures have not led to any significant observations in the audit.</p>

## INFORMATION OTHER THAN THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

This document also contains other information than the annual report and the consolidated financial statements and can be found on pages 1-33. It is the responsibility of the board of directors and the CEO for this other information. The information in the "compensation report 2023," which is published on the company's website at the same time as this report, also constitutes other information. The other information consists of a document in which the annual report is not included. The other information consists of a compensation report that we obtained before the date of this audit report. It is the responsibility of the board of directors and the CEO for this other information.

Our statement regarding the annual report and the consolidated financial statements does not cover this information, and we do not make any statement with assurance regarding this other information. In connection with our audit of the annual report and the consolidated financial statements, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual report and the consolidated financial statements. In this review, we also consider the knowledge we have otherwise obtained during the audit and assess whether the information otherwise appears to contain material misstatements. If we, based on the work performed regarding this information, conclude that the other information contains a material misstatement, we are required to report this. We have nothing to report in this respect.

### Responsibilities of the Board of Directors and the CEO

It is the responsibility of the board of directors and the CEO to prepare the annual report and the consolidated financial statements and to ensure they give a true and fair view in accordance with the Annual Accounts Act and, for the consolidated financial statements, in accordance with IFRS as adopted by the EU, and the Annual Accounts Act. The board of directors and the CEO are also responsible for such internal control as they determine is necessary to prepare an annual report and consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the annual report and the consolidated financial statements, the board of directors and the CEO are responsible for assessing the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and use the going concern basis of accounting unless the board of directors and the CEO intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual report and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our statements. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual report and the consolidated financial statements. A further description of our responsibility for the audit of the annual report and the consolidated financial statements is available on the Swedish Inspectorate of Auditors' website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## REPORT ON OTHER REQUIREMENTS IN ACCORDANCE WITH LAWS AND OTHER STATUTES

### Opinion

In addition to our audit of the annual report and the consolidated financial statements, we have also conducted an audit of the administration by the board of directors and the CEO of Image Systems AB (publ) for the year 2023, as well as of the proposals regarding the disposition of the company's profit or loss. We recommend that the annual general meeting approves the distribution of profits according to the proposal in the administration report and grants discharge from liability to the members of the board of directors and the CEO for the fiscal year.

### Basis for opinion

We have conducted the audit according to generally accepted auditing practices in Sweden. Our responsibility according to this is described in more detail in the section Auditor's Responsibility. We are independent of the parent company and the group in accordance with generally

accepted auditing practices in Sweden and have otherwise fulfilled our professional ethical responsibility according to these requirements. We consider the audit evidence obtained to be sufficient and appropriate as a basis for our statements.

### The Responsibility of the Board of Directors and the CEO

It is the responsibility of the board of directors for the proposals regarding the disposition of the company's profit or loss. In the case of a proposal for dividends, this includes, among other things, an assessment of whether the dividend is justifiable considering the requirements that the type, scope, and risks of the company's and the group's operations impose on the size of the parent company's and the group's equity, the need for consolidation, liquidity, and otherwise financial position. The board of directors is responsible for the organization of the company and the management of the company's affairs. This includes, among other things, continuously assessing the financial situation of the company and the group, and ensuring that the organization of the company is structured in such a way that the accounting, management of funds, and the company's financial affairs in general are controlled satisfactorily. The CEO should manage the daily operations according to the board of directors' guidelines and instructions and, among other things, take the measures necessary to ensure that the company's accounting is performed in accordance with the law and that the management of funds is handled satisfactorily.

### Auditor's responsibility

Our objective with respect to the audit of the administration, and thus our statement on discharge from liability, is to obtain audit evidence to be able to assess with reasonable assurance whether any board member or the CEO in any significant respect:

- has taken any action or been guilty of any negligence that could lead to liability to the company
- has in any other way acted in violation of the Companies Act, the Annual Accounts Act, or the articles of association.

Our objective with respect to the audit of the proposals for the disposition of the company's profit or loss, and thus our statement on this matter, is to assess with reasonable assurance whether the proposals are in compliance with the Companies Act.

Reasonable assurance is a high level of assurance, but no guarantee that an audit conducted according to generally accepted auditing practices in Sweden will always detect actions or omissions that may lead to liability to the company, or that a proposal for the disposition of the company's profit or loss is not in compliance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the Swedish Inspectorate of Auditors' website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## AUDITOR'S REVIEW OF THE ESEF REPORT

### Opinion

In addition to our audit of the annual report and the consolidated financial statements, we have also performed a review that the board of directors and the CEO have prepared the annual report and the consolidated financial statements in a format that enables uniform electronic reporting (the ESEF report) according to chapter 16, section 4a of the Securities Market Act (2007:528) for Image Systems AB (publ) for the year 2023. Our review and our statement only relate to the statutory requirement. In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have conducted the review according to FAR's recommendation RevR 18 The Auditor's Review of the ESEF Report. Our responsibility under this recommendation is described in more detail in the section The Auditor's Responsibility. We are independent in relation to Image Systems AB (publ) in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibility according to these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

### Responsibilities of the Board of Directors and the CEO

It is the responsibility of the board of directors and the CEO that the ESEF report has been prepared in accordance with chapter 16, section 4a of the Securities Market Act (2007:528), and that there is such internal control as the board of directors and the CEO determine is necessary to prepare the ESEF report free from material misstatement, whether due to fraud or error.

### **The auditor's responsibility**

Our task is to express an opinion with reasonable assurance about whether the ESEF report in all material respects has been prepared in a format that meets the requirements of chapter 16, section 4a of the Securities Market Act (2007:528), based on our review.

RevR 18 requires that we plan and perform our review actions to achieve reasonable assurance that the ESEF report has been prepared in a format that meets these requirements. Reasonable assurance is a high level of assurance but is not a guarantee that a review conducted according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement if it exists. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report. The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement, and manage a quality control system including guidelines or procedures regarding compliance with ethical requirements, professional standards, and applicable laws and regulations.

The review includes obtaining evidence through various actions that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual report and the consolidated financial statements. The auditor selects which actions to perform, among other things, by assessing the risks of material misstatements in the reporting whether due to fraud or error. In this risk assessment, the auditor considers parts of the internal control that are relevant for how the board of directors and the CEO prepare the basis in order to design review actions that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. The review also includes an evaluation of the appropriateness and reasonableness of the board of directors' and the CEO's assumptions. The review actions mainly include validation that the ESEF report has been prepared in a valid XHTML format and a reconciliation that the ESEF report is consistent with the audited annual report and the consolidated financial statements. Furthermore, the review also includes an assessment of whether the group's income statements, balance sheets, and statements of changes in equity, cash flow analysis, and notes in the ESEF report have been tagged with iXBRL in accordance with the ESEF Regulation.

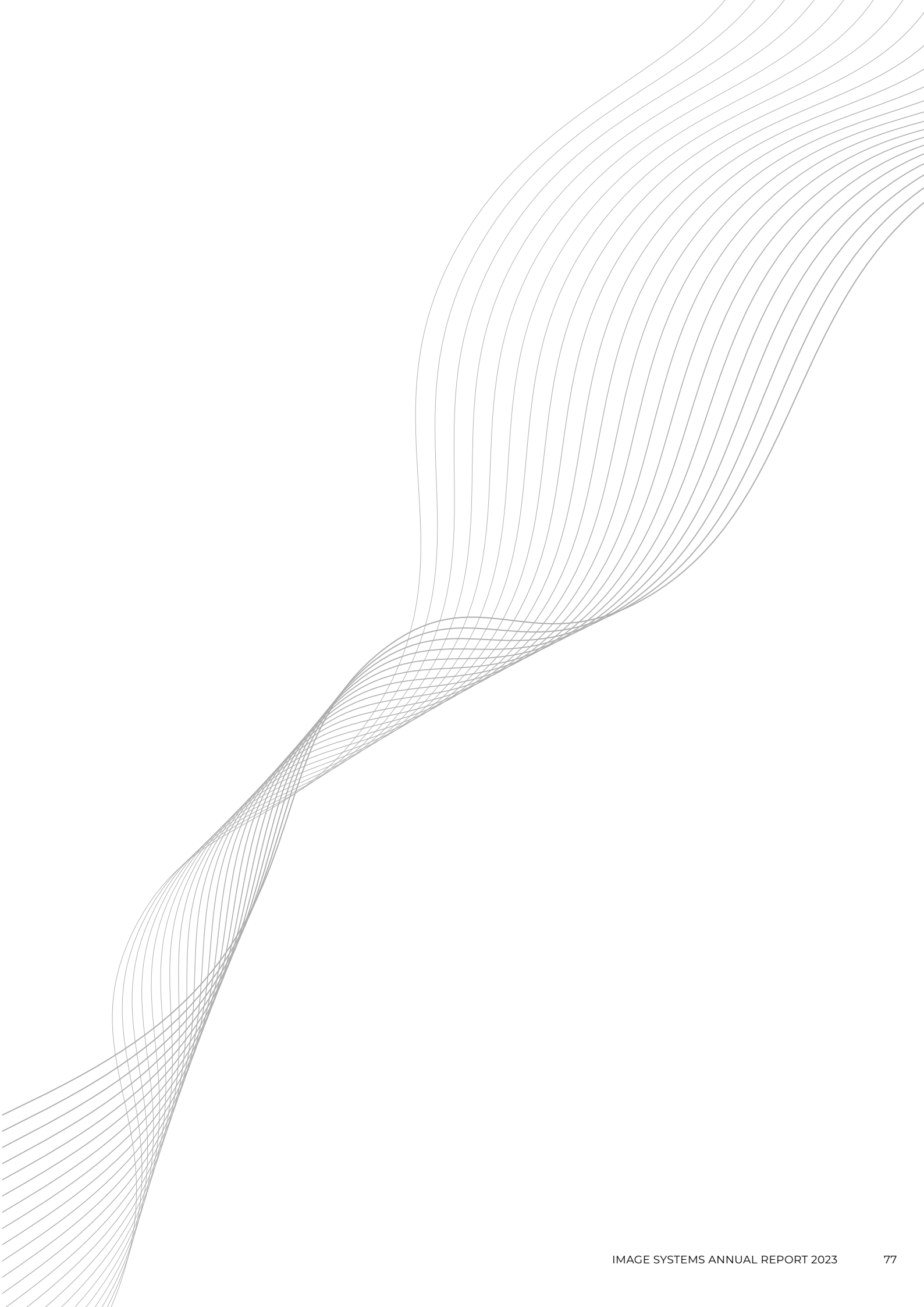
PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed as auditor of Image Systems AB (publ) by the annual general meeting on April 4, 2023, and has been the company's auditor since May 11, 2017.

Stockholm, April 4, 2024

PricewaterhouseCoopers AB

Nicklas Kullberg Authorized Public Accountant







# DEFINITIONS

## INCOME MEASURES

### Gross margin, %

Revenue minus raw materials and consumables divided by revenue.

### EBITDA, MSEK

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

### Operating margin, %

Operating profit in relation to revenue.

### Profit margin, %

Profit before tax in relation to revenue.

### 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.

## CASH FLOW MEASURES

### Cash flow from operating activities, MSEK

Cash flow from operating activities plus changes in working capital.

## 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 fixed assets, MSEK

Net investments in both intangible and tangible fixed assets as well as financial fixed 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.

# RELEVANT RECONCILIATIONS OF NON-IFRS INDICATORS, 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.

MSEK	GROUP	
	Full year 2023	Full year 2022
Operating profit	-5.3	9.1
Depreciation and amortization of tangible and intangible fixed assets	20.8	19.3
EBITDA	15.5	28.4

## NET DEBT

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

MSEK	GROUP	
	Full year 2023	Full year 2022
Cash and cash equivalents	6.6	22.5
Lease liability	9.2	13.4
Interest-bearing liabilities	5.4	5.4
Net debt	8.0	-3.7

## COMPANY DATA

The name of the reporting Company:

Image Systems AB (publ)

Residence of the Company:

Linköping, Sweden

Legal form of the Company:

Limited Liability Company (LLC)

Country of registration:

Sweden

The address of the registered office:

Snickaregatan 40; 58226 Linköping, Sweden

Description of the nature of the Company's operations:

License and project sales and related services



# **IMAGE SYSTEMS** GROUP

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