



Challenging 2023 ends with positive signals and increased order intake

During a difficult 2023, in which the first three quarters were tough for the RemaSawco business unit, the Group has deliberately continued to invest in developing new products and improved customer service. We feel that confidence in the future, and thus a willingness to invest, increased among customers during the fourth quarter, and RemaSawco received several orders. This trend has continued in the beginning of 2024. At the same time, the Motion Analysis business unit operates in a growing market, which is expected to continue for an extended period.

| Fourth quarter October–December | Full year 2023 January–December |
|---|---|
| <ul style="list-style-type: none"> Order intake amounted to MSEK 74.3 (41.8) Net sales amounted to MSEK 40.1 (54.0) Gross margin amounted to 69 (64) percent EBITDA amounted to MSEK 3.5 (9.3) Earnings per share amounted to SEK -0.01 (0.05) | <ul style="list-style-type: none"> Order intake amounted to MSEK 150.0 (189.0) Net sales amounted to MSEK 160.7 (171.1) Gross margin amounted to 70 (67) percent EBITDA amounted to MSEK 15.5 (28.4) Earnings per share amounted to SEK -0.08 (0.10) |

Financial overview

| | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|--|-------------------------|-------------------------|---------------------------|---------------------------|
| Order intake, MSEK | 74.3 | 41.8 | 150.0 | 189.0 |
| Order backlog, MSEK | 73.3 | 81.9 | 73.3 | 81.9 |
| Net sales, MSEK | 40.1 | 54.0 | 160.7 | 171.1 |
| Capitalized development expenditure | 3.7 | 1.9 | 10.0 | 9.1 |
| Gross margin, % ⁽¹⁾ | 69 | 64 | 70 | 67 |
| EBITDA, MSEK | 3.5 | 9.3 | 15.5 | 28.4 |
| EBITDA margin, % | 8.0 | 16.6 | 9.1 | 15.8 |
| Operating profit (EBIT), MSEK | -1.3 | 4.6 | -5.3 | 9.1 |
| Adjusted operating profit (EBIT) ⁽²⁾ , MSEK | -1.3 | 4.6 | -3.0 | 9.1 |
| Profit after tax, MSEK | -1.0 | 4.5 | -6.8 | 8.6 |
| Adjusted profit after tax ⁽³⁾ , MSEK | -1.0 | 4.5 | -3.1 | 8.6 |
| Cash flow from operating activities, MSEK | 14.6 | 14.5 | 1.7 | 32.3 |
| Solidity, % | 63 | 63 | 63 | 63 |
| Average number of employees | 67 | 69 | 67 | 72 |
| Earnings per share | -0.01 | 0.05 | -0.08 | 0.10 |

⁽¹⁾ The definition of gross margin has changed since last year and is calculated as Net sales minus raw materials and consumables in relation to Net sales.

⁽²⁾ The operating profit (EBIT) is affected by a one-off cost of MSEK 2.3 during the period January–December 2023.

⁽³⁾ The profit after tax is affected by one-off costs of MSEK 3.7 during January–December, of which the operating profit is affected by MSEK 2.3 and net financial items by MSEK 1.4.



Johan Friberg, CEO and President

A WORD FROM THE CEO

We leave 2023 with a brighter picture of the future than what we had at the end of the third quarter. Market conditions in the sawmill industry have improved, and the RemaSawco business unit ended the fourth quarter with a doubled order intake compared to the previous year.

At the same time, the Motion Analysis business unit continues to see good market conditions with a full-year growth rate of almost twenty percent compared to the previous year.

The Group manages to achieve an improved gross margin despite lower net sales. The operating profit has been negatively affected by targeted investments to improve the offering in both business units further, all in line with the previously communicated strategy.

We have adapted the Group during a challenging 2023

The Group puts a difficult year behind, and I note that the improvements made in recent years in both product and business development have made it possible not only to manage these challenges but also to ensure that we are well-equipped to scale up once the market conditions become favorable.

Some optimism in the sawmill industry

The sawmill industry has experienced an economic downturn during the year, with high interest rates, high raw material prices, and falling demand for sawn wood products limiting sawmills' profitability and short-term willingness to invest.

During the fourth quarter of 2023 and the beginning of 2024, indications of an improvement have resulted in sawmills showing a renewed investment appetite.

We assess that the market situation will remain challenging for some time. However, we note that a strengthened confidence in the industry's future means investments will gradually return.

Motion Analysis grows and invests

The Motion Analysis business unit ends the year with increased order intake and net sales compared to the previous year. In recent years, the business unit has accelerated the development of a new product platform. The platform will not only replace the current one with a modern product but also provide opportunities for new functionality to grow both within the existing niche and, at the same time, create opportunities to grow in adjacent areas. The launch of the new platform is planned for the end of 2024.

Ready to deliver

The past year has been characterized by uncertainty in the sawmill industry, but the recent increase in orders indicates a change.

At the same time, Motion Analysis operates in a growing market. With two business units operating in different markets, we feel confident in our ability to navigate changing market conditions.

Thanks to great focus and commitment from employees, we have continued to take major steps in line with our strategy. I now look forward to 2024 with great confidence and would also like to thank our shareholders for trusting us to deliver on our high ambitions.

THE GROUP'S DEVELOPMENT IN THE FOURTH QUARTER

Order intake, net sales, and profit

Order intake amounted to MSEK 74.3 (41.8). Order backlog as of December 31, 2023, amounted to MSEK 73.3 (81.9).

Net sales amounted to MSEK 40.1 (54.0). Capitalized development expenditure amounted to MSEK 3.7 (1.9) and relate to both business units.

Gross margin amounted to 69 (64) percent.

EBITDA amounted to MSEK 3.5 (9.3). Other external charges increased compared with the corresponding period last year, which mainly is attributable to the continued high pace of product development.

Depreciation/amortization amounted to MSEK -4.8 (-4.7). Net financial items amounted to MSEK 0.1 (-0.3).

Result after taxes amounted to MSEK -1.0 (4.5).

Financial position, investments, and cash flow

The Group's investments in non-current assets during the quarter amounted to MSEK 4.6 (2.4) of which MSEK 3.7 (1.9) is related to capitalized development projects. Capitalization of development projects takes place in both business units.

The operational cash flow during the quarter amounted to MSEK 9.0 (11.9). Solidity as of December 31, 2023, amounted to 63 (63) percent Net indebtedness amounted to 0.1 (0.0) times.

Available liquid funds including the undrawn part of the overdraft facilities amounted to MSEK 20.1 (38.2) as of December 31, 2023.

THE GROUP'S DEVELOPMENT DURING THE FULL YEAR

Order intake amounted to MSEK 150.0 (189.0). Order backlog as of December 31, 2023, amounted to MSEK 73.3 (81.9).

Net sales amounted to MSEK 160.7 (171.1), and capitalized development expenditure amounted to MSEK 10.0 (9.1), which take place in both business units.

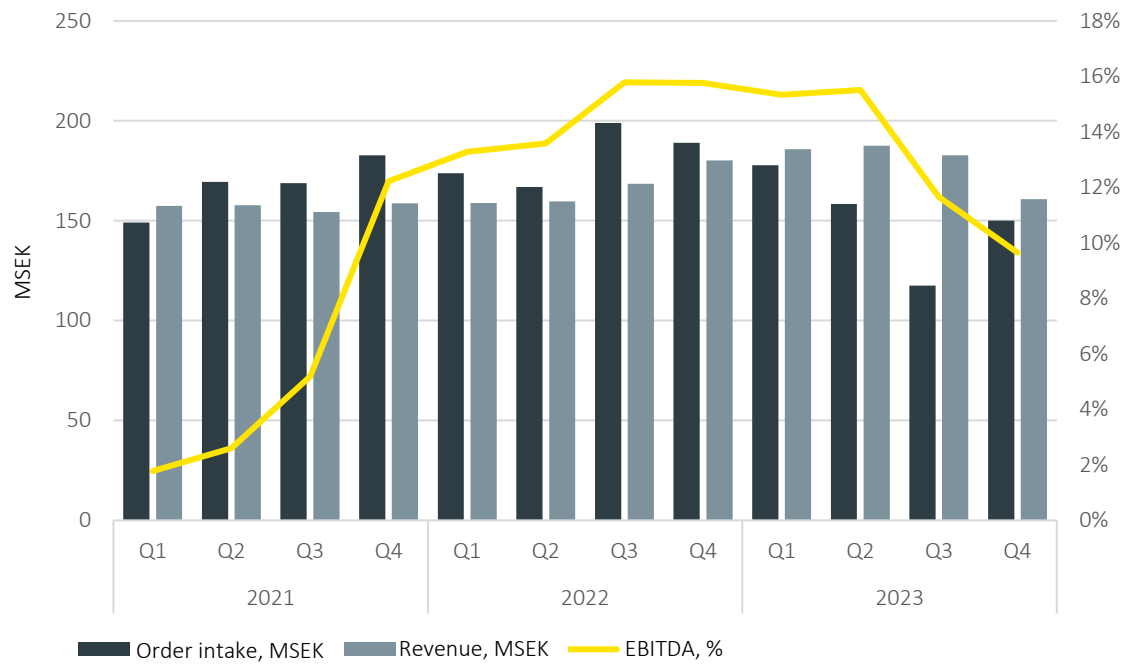
Gross margin amounted to 70 (67) percent.

EBITDA amounted to MSEK 15.5 (28.4). Depreciation/amortization amounted to MSEK -20.8 (-19.3), of which MSEK -2.3 (-) is attributable to a write-down in connection with the termination of a rental contract for office and production premises in Finland. The termination was carried out in order to reduce rental costs in the RemaSawco business unit when parts of the operation are centralized to the head office in Linköping, Sweden.

Net financial items amounted to MSEK -2.1 (-1.1). The change in net financial items is linked to a one-off item of MSEK -1.4 (-) for a write-down of a receivable from Digital Vision.

Result after taxes amounted to MSEK -6.8 (8.6).

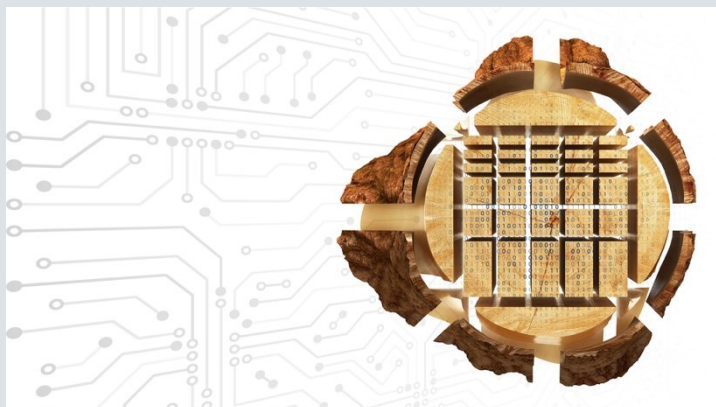
ROLLING 12-MONTH ORDER INTAKE, REVENUE AND EBITDA



The Group's rolling 12-month EBITDA margin decreased during the fourth quarter to just over 9 percent due to lower net sales. The Group's long-term EBITDA target of delivering a stable 15 percent EBITDA margin requires growth in net sales.



**BUSINESS UNIT:
REMA SAWCO**



RemaSawco provides solutions to optimize production in the sawmill industry. The product portfolio includes proprietary software that, with the help of laser, 3D scanning, X-ray, and automation, measures and analyzes timber and boards throughout the sawmill process to maximize value exchange, minimize waste, and thus increase customer profitability.

Performance during the period

As expected, fourth-quarter net sales and operating profit are lower than last year. This is due to a difficult market situation in the sawmill industry during the first three quarters. The sawmill industry has been characterized by low demand for sawn wood products and continued high raw material prices, which resulted in a significantly lower order intake for most of the year than expected. However, the market is showing signs of recovery, resulting in a doubled order intake in the fourth quarter compared to the previous year. We see that our customers in the Nordic region have a continued intention to implement upgrade projects, and we note a strong interest in RemaSawco's expanded and improved service offerings.

| | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|-------------------------------------|-----------------|-----------------|-------------------|-------------------|
| Order intake, MSEK | 58.6 | 27.9 | 110.6 | 151.8 |
| Net sales, MSEK | 28.0 | 43.8 | 121.2 | 137.7 |
| Capitalized development expenditure | 1.3 | 1.1 | 4.0 | 4.2 |
| EBITDA, MSEK | -0.5 | 6.7 | 7.0 | 17.8 |
| EBIDTA margin, % | neg | 14.9 | 5.6 | 12.5 |

Product development

During the quarter, the business unit has implemented improvements on all product lines as part of our basic development. In timber sorting, sawmill lines, and board handling, we have updated the functionality of the products RS-LogScanner3DX, RS-Opt, and RS-BoardScanner. The business unit's focus on product development has been further intensified through efforts to continue developing timber sorting and a new service concept.

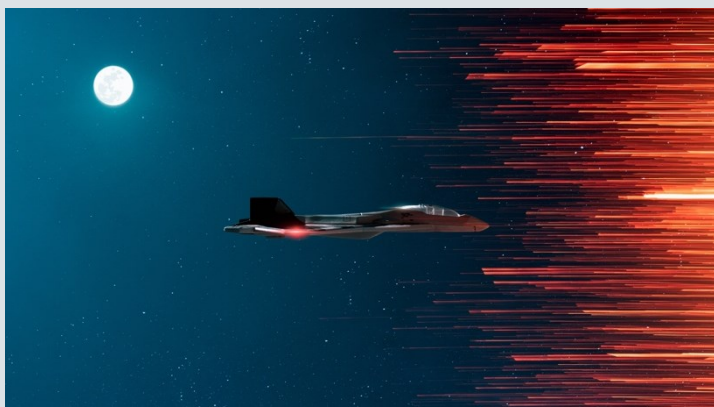
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SYSTEMS

MOTION ANALYSIS

BUSINESS UNIT:

MOTION ANALYSIS



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

Performance during the period

Market conditions remain good for the Motion Analysis business unit. Order intake for the quarter increased by approximately 13 percent compared to the previous year, and net sales increased by about 19 percent. Our defense customers are investing in our offering at an increasing rate, and we assess that the market will remain good. During the quarter, a number of larger orders linked to the TrackEye® software were received. The French armed forces began call-offs on the 7-year framework agreement signed earlier in the year, and major orders were received from the US, Israeli, and Italian armed forces, among others.

The business unit's net sales increased by 18 percent for the full year, confirming our growth strategy. The business unit increased its cost base during the year to accelerate the development of a new product platform to be launched in late 2024.

| | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|-------------------------------------|-----------------|-----------------|-------------------|-------------------|
| Order intake, MSEK | 15.7 | 13.9 | 39.4 | 37.2 |
| Net sales, MSEK | 12.1 | 10.2 | 39.5 | 33.4 |
| Capitalized development expenditure | 2.4 | 0.8 | 6.0 | 4.9 |
| EBITDA, MSEK | 5.4 | 4.0 | 14.2 | 15.2 |
| EBIDTA margin, % | 37.2 | 36.4 | 31.2 | 39.7 |

Product development

During the quarter, the business unit continued the work of productizing the new platform and completed and released several maintenance releases on the existing product platform. Work continues on the further development of a cloud-based customer portal that will handle sales, license management, and customer support of the new platform.

OTHER INFORMATION

Parent Company

The Parent Company's net sales for the fourth quarter amounted to MSEK 0.9 (1.0). Operating profit amounted to MSEK -1.4 (-1.4). Result after taxes amounted to MSEK 8.6 (18,6). Investments in fixed assets amounted to MSEK 0.0 (0.0). The Parent Company's available liquid funds, as of December 31, 2023, amounted to MSEK 0.0 (0.3). The Parent Company's equity as of December 31, 2023, amounted to MSEK 108.6 (105.1) and the solidity was 99 (98) percent.

Significant events after the period

The RemaSawco business unit has received a number of orders for Nordic sawmills totaling approximately MSEK 17.5 and signed a framework agreement with a major group for around MSEK 13.4.

Motion Analysis has received several orders worth approximately MSEK 3.5.

Personnel

The average number of employees was 67 (72). The number of employees at the end of the period was 67.

Number of shares

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

Accounting policies

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

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

Image Systems applies the ESMA (European Securities and Markets Authority) Guidelines on Alternative Performance Measures. Definitions of indicators are provided on page 15 and relevant reconciliations on page 14.

Risks and uncertainties

The Group's significant risks and uncertainties include business risks related to agreements with customers and suppliers as well as other external factors such as currency fluctuations. The Group's significant financial and business-related risks are discussed at depth in the management report and under Note 3 in the 2022 Annual Report. No significant new or changed risks or uncertainties have been identified during the quarter.

This year-end report has not been reviewed by the Company's auditors.

Financial calendar

| | |
|-----------------------------------|----------------|
| Interim report January-March 2024 | April 26, 2024 |
| Annual General Meeting 2024 | May 8, 2024 |
| Interim report January-June 2024 | July 19, 2024 |

Long-term financial objectives

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

| | |
|----------|-------------------------------|
| EBITDA | >15% |
| Solidity | >50% |
| Dividend | 20% of the profit after taxes |

Linköping, Sweden, February 9, 2024

The Board of Directors

The information in this report is disclosed pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 8:00 AM on February 9, 2024.

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

Questions will be answered by:

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

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

CONDENSED CONSOLIDATED INCOME STATEMENT

| MSEK | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|---|-----------------|-----------------|-------------------|-------------------|
| Net sales | 40.1 | 54.0 | 160.7 | 171.1 |
| Capitalized development costs | 3.7 | 1.9 | 10.0 | 9.1 |
| Total revenue | 43.8 | 55.9 | 170.7 | 180.2 |
| Raw materials and consumables | -12.4 | -19.2 | -47.9 | -56.4 |
| Other external charges | -9.3 | -7.8 | -36.7 | -26.5 |
| Personnel costs | -17.9 | -19.4 | -70.0 | -69.7 |
| Depreciation/amortization of fixed intangible and tangible assets | -4.8 | -4.7 | -20.8 | -19.3 |
| Other operating income | -0.7 | -0.2 | -0.6 | 0.8 |
| Other operating costs | - | - | - | - |
| Operating profit | -1.3 | 4.6 | -5.3 | 9.1 |
| Net financial items | 0.1 | -0.3 | -2.1 | -1.1 |
| Profit/loss before tax | -1.2 | 4.3 | -7.4 | 8.0 |
| Tax | 0.2 | 0.2 | 0.6 | 0.6 |
| Profit/loss for the period | -1.0 | 4.5 | -6.8 | 8.6 |
| Of which attributable to the Parent Company shareholders | -1.0 | 4.5 | -6.8 | 8.6 |
| Earnings per share ¹⁾ | -0.01 | 0.05 | -0.08 | 0.10 |
| Diluted earnings per share ¹⁾ | -0.01 | 0.05 | -0.08 | 0.10 |
| Average number of shares, thousands | 89,207.8 | 89,207.8 | 89,207.8 | 89,207.8 |
| Average number of shares after dilution, thousands | 89,207.8 | 89,207.8 | 89,207.8 | 89,207.8 |

¹⁾ Calculated on the basis of average number of shares

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| MSEK | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|--|-----------------|-----------------|-------------------|-------------------|
| Profit/loss for the period | -1.0 | 4.5 | -6.8 | 8.6 |
| Other comprehensive income | | | | |
| Translation differences | -0.1 | 0.0 | 0.1 | 0.3 |
| Total other comprehensive income | -0.1 | 0.0 | 0.1 | 0.3 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | -1.1 | 4.5 | -6.7 | 8.9 |
| Of which attributable to Parent Company shareholders | -1.1 | 4.5 | -6.7 | 8.9 |

CONDENSED CONSOLIDATED BALANCE SHEETS

| MSEK | Dec 31, 2023 | Dec 31, 2022 |
|---|-----------------|-----------------|
| Fixed assets | | |
| Goodwill | 36.1 | 36.1 |
| Customer relations | 19.3 | 23.7 |
| Trademarks | - | - |
| Capitalized development costs | 38.6 | 35.1 |
| Tangible fixed assets | 1.1 | 3.7 |
| Right-of-use assets | 10.0 | 13.8 |
| Deferred tax asset | 19.1 | 19.1 |
| Total fixed assets | 124.2 | 131.5 |
| Current assets | | |
| Inventories | 13.1 | 13.6 |
| Trade receivables | 33.2 | 20.1 |
| Other receivables | 5.9 | 7.0 |
| Cash and cash equivalents | 6.6 | 22.5 |
| Total current assets | 58.8 | 63.2 |
| TOTAL ASSETS | 183.0 | 194.7 |
| Equity (attributable in full to Parent Company shareholders) | 116.0 | 122.9 |
| Non-current liabilities | | |
| Borrowings from credit institutions | - | 0.4 |
| Lease liabilities | 4.2 | 8.5 |
| Deferred tax liabilities | 5.5 | 6.0 |
| Total non-current liabilities | 9.7 | 14.9 |
| Current liabilities | | |
| Borrowings from credit institutions | 5.4 | 5.0 |
| Trade payables | 12.2 | 12.6 |
| Lease liabilities | 5.0 | 4.9 |
| Other current payables | 34.7 | 34.4 |
| Total current liabilities | 57.3 | 56.9 |
| TOTAL EQUITY AND LIABILITIES | 183.0 | 194.7 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| MSEK | Full year 2023 | Full year 2022 |
|--|-------------------|-------------------|
| Opening balance sheet equity | 122.9 | 114 |
| Net profit for the year | -6.8 | 8.6 |
| Other comprehensive income for the period | -0.1 | 0.3 |
| Total comprehensive income for the period | -6.9 | 8.9 |
| Closing balance sheet equity | 116.0 | 122.9 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*

| MSEK | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|---|-----------------|-----------------|-------------------|-------------------|
| Cash flow from operating activities before change in working capital | 3.0 | 9.1 | 13.2 | 27.4 |
| Changes in working capital | | | | |
| Change in inventories | 1.1 | 0.8 | 0.5 | -1.7 |
| Change in receivables | -5.4 | 13.5 | -11.8 | 10.4 |
| Change in current liabilities | 15.9 | -8.9 | -0.2 | -3.8 |
| Total change in working capital | 11.6 | 5.4 | -11.5 | 4.9 |
| Cash flow from operating activities | 14.6 | 14.5 | 1.7 | 32.3 |
| Investing activities | | | | |
| Acquisition of intangible fixed assets | -4.4 | -2.4 | -10.8 | -9.8 |
| Acquisition of tangible fixed assets | -0.2 | - | -0.6 | - |
| Acquisition of right-of-use assets | -1.0 | -0.2 | -3.2 | -2.6 |
| Cash flow from investing activities | -5.6 | -2.6 | -14.6 | -12.4 |
| Operating cash flow | 9.0 | 11.9 | -12.9 | 19.9 |
| Financing activities | | | | |
| Change in borrowings | -2.4 | 0.7 | 0.0 | -1.5 |
| Amortization of lease liabilities | -1.7 | -1.5 | -6.2 | -5.6 |
| Additional lease liabilities | 1.0 | 0.2 | 3.2 | 2.6 |
| Cash flow from financing activities | -3.1 | -0.6 | -3.0 | -4.5 |
| Cash flow for the period | 5.9 | 11.3 | -15.9 | 15.4 |
| Cash and cash equivalents at the beginning of the year | 0.7 | 11.2 | 22.5 | 7.1 |
| Exchange rate difference on cash and cash equivalents | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalents at the end of the year | 6.6 | 22.5 | 6.6 | 22.5 |

* Previous year's figures are reclassified.

SEGMENT REPORTING

| MSEK | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|--|-----------------|-----------------|-------------------|-------------------|
| Revenue | | | | |
| RemaSawco | 29.3 | 44.9 | 125.2 | 141.9 |
| Motion Analysis | 14.5 | 11.0 | 45.5 | 38.3 |
| Parent Company & consolidated items | - | - | - | - |
| Total revenue | 43.8 | 55.9 | 170.7 | 180.2 |
| EBITDA | | | | |
| RemaSawco | -0.5 | 6.7 | 7.0 | 17.8 |
| Motion Analysis | 5.4 | 4.0 | 14.2 | 15.2 |
| Admin & consolidated items | -1.4 | -1.4 | -5.7 | -4.6 |
| EBITDA total | 3.5 | 9.3 | 15.5 | 28.4 |
| Depreciation/amortization of fixed intangible and tangible assets | -4.8 | -4.7 | -20.8 | -19.3 |
| Operating profit | -1.3 | 4.6 | -5.3 | 9.1 |
| Net financial items | 0.1 | -0.3 | -2.1 | -1.1 |
| Profit/loss before tax | -1.2 | 4.3 | -7.4 | 8.0 |
| Tax | 0.2 | 0.2 | 0.6 | 0.6 |
| Profit/loss for the period | -1.0 | 4.5 | -6.8 | 8.6 |

INDICATORS

| | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|--|-----------------|-----------------|-------------------|-------------------|
| Order intake, MSEK | 74.3 | 41.8 | 150.0 | 189.0 |
| Order backlog, MSEK | 73.3 | 81.9 | 73.3 | 81.9 |
| Gross margin, % | 69 | 64 | 70 | 67 |
| EBITDA, MSEK | 3.5 | 9.3 | 15.5 | 28.4 |
| EBITDA margin, % | 8.0 | 16.6 | 9.1 | 15.8 |
| Operating margin, % | neg | 8.2 | neg | 5.0 |
| Profit margin, % | neg | 7.7 | neg | 4.4 |
| Return on capital employed, % | neg | 3.2 | neg | 6.4 |
| Return on equity, % | neg | 3.7 | neg | 7.0 |
| Solidity, % | 63 | 63 | 63 | 63 |
| Debt/equity ratio | 0.1 | 0.0 | 0.1 | 0.0 |
| Net investments in non-current assets, MSEK | 5.6 | 2.6 | 14.6 | 12.4 |
| Depreciation/amortization of fixed assets, MSEK | 4.8 | 4.7 | 20.8 | 19.3 |
| Average number of employees | 67 | 69 | 67 | 72 |
| Number of shares at the end of the period, millions | 89.21 | 89.21 | 89.21 | 89.21 |
| Average number of shares, millions | 89.21 | 89.21 | 89.21 | 89.21 |
| Earnings per share, SEK | -0.01 | 0.05 | -0.08 | 0.10 |
| Cash flow per share calculated on the basis of average number of shares, SEK | 0.10 | 0.13 | -0.14 | 0.22 |
| Equity per share calculated on the basis of number of shares at the end of the period, SEK | 1.30 | 1.38 | 1.30 | 1.38 |

QUARTERLY OVERVIEW, THE GROUP

| Quarterly overview, the Group | 2021 | | | | 2022 | | | | 2023 | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | Q2 22 | Q3 22 | Q4 22 | Q1 23 | Q2 23 | Q3 23 | Q4 23 |
| Order intake, MSEK | 51.7 | 46.7 | 32.7 | 51.7 | 42.7 | 39.8 | 64.7 | 41.8 | 31.4 | 20.5 | 23.8 | 74.3 |
| Order backlog, MSEK | 60.4 | 62.4 | 60.3 | 72 | 83.6 | 82.7 | 96.8 | 81.9 | 74.9 | 52.2 | 38.4 | 73.3 |
| Net sales, MSEK | 32.1 | 42.6 | 34.9 | 42.6 | 31.6 | 42.4 | 43.1 | 54.0 | 38.3 | 44.7 | 37.6 | 40.1 |
| Capitalized development expenditure, MSEK | 2.2 | 1.5 | 1.2 | 1.6 | 2.8 | 2.6 | 1.8 | 1.9 | 1.7 | 2.1 | 2.5 | 3.7 |
| Gross margin, % | 70 | 59 | 74 | 70 | 70 | 64 | 71 | 64 | 71 | 70 | 71 | 69 |
| EBITDA, MSEK | 0.5 | 3.6 | 7.8 | 7.5 | 2.2 | 4.2 | 12.7 | 9.3 | 2.3 | 4.8 | 4.9 | 3.5 |
| EBITDA margin, % | 1 | 8 | 22 | 17 | 6 | 9 | 28 | 17 | 6 | 10 | 12 | 8 |
| Operating profit (EBIT), MSEK | -4.4 | -0.9 | 3.2 | 2.9 | -3.1 | -0.5 | 8.1 | 4.6 | -4.6 | 0.3 | 0.3 | -1.3 |
| EBIT margin, % | neg | neg | 8.9 | 6.6 | neg | neg | 18.0 | 8.2 | neg | 1% | 1% | neg |
| Return on equity, % | neg | neg | 2.9 | 2.5 | neg | neg | 6.8 | 3.7 | neg | 0.1 | 0.1 | neg |
| Solidity, % | 57 | 54 | 60 | 58 | 58 | 55 | 59 | 63 | 62 | 65 | 69 | 63 |
| Earnings per share, SEK | -0.05 | -0.01 | 0.04 | 0.03 | -0.04 | -0.01 | 0.09 | 0.05 | -0.07 | 0.00 | 0.00 | -0.01 |
| Cash flow per share, SEK | -0.04 | -0.02 | 0.08 | 0.06 | 0.01 | 0.08 | 0.01 | 0.13 | -0.08 | -0.10 | -0.07 | 0.10 |
| Equity per share, SEK | 1.23 | 1.21 | 1.25 | 1.28 | 1.24 | 1.24 | 1.33 | 1.38 | 1.31 | 1.31 | 1.31 | 1.30 |
| Average number of shares, millions | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 | 89.21 |

RELEVANT RECONCILIATIONS OF NON-IFRS INDICATORS, THE GROUP

Alternative indicators

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

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

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

Other companies may use other definitions, and the measures may therefore not be comparable to similar indicators used by other companies.

EBITDA

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

Net debt

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

EBITDA

| MSEK | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|---|-----------------|-----------------|-------------------|-------------------|
| Operating profit | -1.3 | 4.6 | -5.3 | 9.1 |
| Depreciation/amortization of fixed tangible and intangible assets | 4.8 | 4.7 | 20.8 | 19.3 |
| EBITDA | 3.5 | 9.3 | 15.5 | 28.4 |

Net debt

| MSEK | Dec 31, 2023 | Dec 31, 2022 |
|------------------------------|--------------|--------------|
| Cash and cash equivalents | 6.6 | 22.5 |
| Lease liabilities | 9.2 | 13.4 |
| Interest-bearing liabilities | 5.4 | 5.4 |
| Net debt | 8.0 | -3.7 |

DEFINITIONS

Income measures

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

Margins

| | |
|----------------------------|---|
| Gross margin, % | Net sales minus raw materials and consumables in relation to net sales. |
| Operating margin, % | Operating profit in relation to net sales and capitalized development expenditure. |
| Profit margin, % | Profit before tax in relation to net sales and capitalized development expenditure. |

Return

| | |
|--------------------------------------|--|
| Return on capital employed, % | Operating profit plus interest income in relation to capital employed. Capital employed comprises the balance sheet total less non-interest-bearing liabilities. |
| Return on equity, % | Profit/loss for the period in relation to equity. |

Capital structure

| | |
|---------------------------------|--|
| Solidity, % | Equity at the end of the period in relation to the balance sheet total. |
| Debt/equity ratio, times | Interest-bearing liabilities at the end of the period minus cash and cash equivalents in relation to equity. |
| Net debt, MSEK | Interest payable minus cash and cash equivalents. |

Other

| | |
|--|---|
| Net investments in non-current assets, MSEK | Net investments in both intangible and tangible fixed assets as well as financial assets during the period. |
| Average number of employees | Average number of employees during the period. |

Data per share

| | |
|---|--|
| Number of shares at the end of the period, in millions | Number of shares outstanding at the end of the period |
| Average number of shares, millions | Average number of shares during the period. |
| Earnings per share, SEK | Result after taxes divided by the average number of shares. |
| Cash flow per share, SEK | Operating cash flow divided by the average number of shares. |
| Equity per share, SEK | Equity divided by the number of shares at the end of the period. |

PARENT COMPANY'S CONDENSED INCOME STATEMENT

| MSEK | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|-----------------------------------|-----------------|-----------------|-------------------|-------------------|
| Net sales | 0.9 | 1.0 | 4.0 | 3.9 |
| Other external charges | -1.4 | -1.1 | -5.6 | -4.9 |
| Personnel costs | -0.9 | -1.3 | -4.1 | -3.6 |
| Other operating costs | - | - | - | - |
| Operating profit | -1.4 | -1.4 | -5.7 | -4.6 |
| Net financial items | 0.0 | -0.5 | -0.8 | -50.4 |
| Profit/loss before tax | -1.4 | -1.9 | -6.5 | -55.0 |
| Appropriations | 10.0 | 20.5 | 10.0 | 20.5 |
| Tax | - | - | - | - |
| Profit/loss for the period | 8.6 | 18.6 | 3.5 | -34.5 |

PARENT COMPANY'S CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| MSEK | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|--|-----------------|-----------------|-------------------|-------------------|
| Profit/loss for the period | 8.6 | 18.6 | 3.5 | -34.5 |
| Other comprehensive income | - | - | - | - |
| Total other comprehensive income | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 8.6 | 18.6 | 3.5 | -34.5 |

PARENT COMPANY'S CONDENSED BALANCE SHEETS

| MSEK | Dec 31, 2023 | Dec 31, 2022 |
|---|-----------------|-----------------|
| Fixed assets | | |
| Shares in subsidiaries | 82.8 | 82.8 |
| Deferred tax asset | 12.0 | 12.0 |
| Total fixed assets | 94.8 | 94.8 |
| Current assets | | |
| Trade receivables | - | - |
| Receivables from Group companies | 14.2 | 8.8 |
| Other current receivables | 1.0 | 3.0 |
| Cash and cash equivalents | 0.0 | 0.3 |
| Total current assets | 15.2 | 12.1 |
| TOTAL ASSETS | 110.0 | 106.9 |
| Equity (attributable in full to Parent Company shareholders) | 108.6 | 105.1 |
| Current liabilities | | |
| Trade payables | 0.3 | 0.6 |
| Liabilities to Group companies | - | - |
| Other current payables | 1.1 | 1.2 |
| Total current liabilities | 1.4 | 1.8 |
| TOTAL EQUITY AND LIABILITIES | 110.0 | 106.9 |

PARENT COMPANY'S CONDENSED STATEMENT OF CHANGES IN EQUITY

| MSEK | Dec 31, 2023 | Dec 31, 2022 |
|--|-----------------|-----------------|
| Opening balance equity | 105.1 | 139.6 |
| Profit/loss for the period | 3.5 | -34.5 |
| Other comprehensive income for the period | | |
| Total comprehensive income for the period | 3.5 | -34.5 |
| Closing balance equity | 108.6 | 105.1 |

PARENT COMPANY'S CONDENSED CASH FLOW STATEMENTS

| MSEK | Oct-Dec 2023 | Oct-Dec 2022 | Full year 2023 | Full year 2022 |
|---|-----------------|-----------------|-------------------|-------------------|
| Cash flow from operating activities before change in working capital | -1.3 | -1.5 | -6.5 | -5.1 |
| Changes in working capital | | | | |
| Change in receivables | 0.7 | 0.5 | 2.1 | 1.1 |
| Change in current liabilities | -0.4 | 0.5 | -0.5 | -0.1 |
| Total change in working capital | 0.3 | 1 | 1.6 | 1.0 |
| Cash flow from operating activities | -1.0 | -0.5 | -4.9 | -4.1 |
| Investing activities | | | | |
| Change in borrowings to/from subsidiaries | 1.0 | 0.8 | 4.6 | 4.2 |
| Cash flow from investing activities | 1.0 | 0.8 | 4.6 | 4.2 |
| Operating cash flow | 0.0 | 0.3 | -0.3 | 0.1 |
| Financing activities | | | | |
| Change in borrowings | - | - | - | - |
| Cash flow from financing activities | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow for the period | 0.0 | 0.3 | -0.3 | 0.1 |
| Cash and cash equivalents at the beginning of the period | 0.0 | 0.0 | 0.3 | 0.2 |
| Exchange rate difference on cash and cash equivalents | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalents at the end of the period | 0.0 | 0.3 | 0.0 | 0.3 |