

Interim Report for Image Systems AB (publ) January – June 2018

Limab Oy acquired and improved results

Second quarter 2018

- Limab OY was acquired.
- Revenue amounted to MSEK 44.0 (31.6).
- The operating result before depreciation and amortisation EBITDA and acquisition costs amounted to MSEK 4.3 (–1.3).
- The operating result before depreciation and amortisation EBITDA amounted to MSEK 2.5 (–1.3).
- The operating result amounted to MSEK 0.4 (–3.2).
- The result after taxes amounted to MSEK –1.0 (–3.3).
- Earnings per share amounted to SEK –0.03 (–0.09).
- Order bookings amounted to MSEK 32.6 (41.1).
- The order backlog was MSEK 59.0 (43.8).
- The gross margin was 59 (63) percent.

First six months 2018

- Revenue amounted to MSEK 66.3 (60.6).
The operating result before depreciation and amortisation EBITDA and acquisition costs amounted to MSEK 2.8 (–1.1).
- The operating result before depreciation and amortisation EBITDA amounted to MSEK 1.0 (–1.1).
- The operating result amounted to MSEK –3.0 (–4.7).
- The result after taxes amounted to MSEK –4.5 (–4.9).
- Earnings per share amounted to SEK –0.12 (–0.13).
- Order bookings amounted to MSEK 60.0 (72.6).
- The order backlog was MSEK 59.0 (43.8).
- The gross margin was 67 (65) percent.

Events after the end of the period under review

President's statement

Image Systems had a very strong quarter and reverses the weak trend on most fronts. The Finnish measuring technology company Limab Oy was acquired and has since 1 June been fully integrated in business area RemaSawco. This acquisition strengthens business area in terms of products as well as market shares is a logical extension of our ambition to build The Digital Sawmill. The Group reports significantly improved revenue of about 40 percent compared to the second quarter of the prior year, with only a marginal share of approximately MSEK 5 is attributable to the Finnish operations. Order bookings are lower from the Group, both during the past quarter and overall for the first six months. The decline in order bookings is in its entirety attributable to business area

Image Systems is a Swedish high-technology company and a leading supplier of products and services in high resolution image processing. By continually challenging the market's concepts and instead offer new and more effective solutions, we help our customers to achieve greater success in their business. The Company caters to a large number of industries and operations are conducted in the two areas RemaSawco and Motion Analysis. Image Systems has 93 employees at offices in Linköping, Nyköping, Västerås and Sundsvall, as well as in Finland and Norway. In business 2017 consolidated revenue amounted to MSEK 134. The Company's share is listed on Nasdaq Stockholm Stock Exchange Small Cap list and is traded under the symbol IS. For additional information, visit our website www.imagesystems.se



RemaSawco. During the first six months of the year sawmill propensity to invest was weaker, but we are expecting greater interest once the summer is over. The consolidated operating result, which was also burdened by acquisition expenses of a non-recurring character in the amount of approximately MSEK 1.8, improved sharply from the previous year, from MSEK -3.2 to MSEK 0.4.

RemaSawco

The business area has been strongly affected by the incorporation of the Finnish company in the business area. Since the transaction was announced in on 1 June a number of activities have taken place to strengthen the companies' joint position in the marketplace. The companies have purged their product portfolios with a view to optimising the creation of The Digital Sawmill. The two companies have worked on campaigns for cross-selling the products of both companies, also creating a new strategy for new export markets.

Motion Analysis

Motion Analysis had a very strong quarter with an improvement of revenue by approximately 25 percent compared to the year before, thus reversing the loss of revenue during the first quarter. The business area generated a profit of MSEK 2.9 before depreciation and amortisation during the first six months of the year, an improvement of almost 40 percent compared to the previous year. During the quarter the business area concluded an agreement with MicroVec relating to selling of systems in the field of flow mechanics. This technology is used in the automotive and aerospace industries to measure turbulence around vehicles and aircraft.

The acquisition of Limab OY

On 21 June Oy with 22 employees was acquired. The company generated revenue of in the non-calendar financial year 1 March 2017 – 28 February 2018 of approximately MSEK 56 for a profit of just short of MSEK 15. The company was acquired free of debt for MEUR 6.1 (approximately MSEK 62.5), of which the initial purchase money was MEUR 4.0 (approximately MSEK 41.0). Additional purchase money will be over two years on the condition that Limab Oy's current shareholders remain employees of the company. The acquisition has been financed by a bank loan of MSEK 41.5 and a contingent seller note in the amount of MSEK 21.5. The loan financing may be refinanced by a new issue of shares at a later date. Limab Oy is consolidated from 1 June, Limab OY and the name has been changed to RemaSawco OY, constituting an integral part of business area RemaSawco. Expenses incurred in the acquisition were charged to the consolidated income statement during the period.

Net revenue and results

Second quarter

Order bookings amounted to MSEK 32.6 (41.1) and the order backlog stood at MSEK 59.0 as of 1 June (438). Net revenue increased by MSEK 12.4, MSEK 5.0 of which was contributed by RemaSawco OY, to MSEK 44.0 (31.6).

The gross margin was 59 (63) percent. The lower gross margin is due to increased sales of products with a higher proportion of purchased hardware.

The operating result before depreciation and amortisation EBITDA and acquisition expenses of a non-recurring character amounted to MSEK 4.3 (-1.3). Acquisition expenses in the amount of MSEK 1.8 are reported under the heading Other operating costs. Depreciation and amortisation according to plan was charged to earnings in the amount of MSEK 2.1 (1.9), of which amortisation of consolidation surpluses amounted to MSEK 1.6 (1.6). The result after taxes amounted to MSEK -0.3 (-3.3). Revenue and operating results by business area is reported on page 4.

First six months

Order bookings amounted to MSEK 60.0 (72.6). The order backlog amounted to 59.0 as of 30 June (43.8), an increase by MSEK 15.2. Net revenue increased by MSEK 5.7, to MSEK 66.3 (60.6), of which the acquisition of RemaSawco OY contributed MSEK 5.0.

The gross margin was 67 (65) percent and the operating result before depreciation and amortisation EBITDA, and acquisition expenses of a non-recurring character amounted to MSEK 2.8 (-1.1). Acquisition expenses in the amount of MSEK 1.8 are reported under the heading Other operating costs. Depreciation and amortisation according to plan was charged to earnings in the amount of MSEK 4.0 (3.6), of which amortisation of consolidation surpluses amounted to MSEK 3.2 (3.2). The result after taxes amounted to MSEK -4.5 (-4.9). Revenue and operating results before depreciation and amortisation by business area is reported on page 4.

Capital expenditures and financial position

The Group's investments in non-current assets amounted to MSEK 41.6 (3.8), MSEK 38.0 of which relates to the acquisition of Limab OY and MSEK 3.4 (3.0) refers to capitalised development costs. As of 30 June 2018 available cash and cash equivalents, including the unutilized portion of a committed credit facility, stood at MSEK 12.9 (6.3). The equity ratio as of 30 June 2018 stood at 33 percent (59). The operative cash flow amounted to MSEK -35.7 (-1.6). The net debt to equity ratio was 0.6 (0.2).

Research and development

RemaSawco

During the period under review the Company has concentrated on integrating the two product portfolios into a single one. Much effort has been expended on adapting the new product line to AIS and The Digital Sawmill concept. The of BoardscannerQ release 2018 was launched and the first deliveries were approved during the quarter. Most deliveries have also been integrated, which required adaption to customer needs and generic development that will benefit the Company in future sales.

Motion Analysis

Work began during the period under review to develop support for image analysis and measurement in streaming video. This technology entails the ability to analyse image sequences in close to real time, directly from the cameras almost simultaneously with the actual event. This important step in the product development process will enhance several of our core products in the field in target tracking as well as those in deformation analysis through Digital Image Correlation (DIC).

In our product group for DIC measuring systems a new, more advanced and robust generation of systems has been developed. This system is aimed at the most demanding applications, which among other things requires professional high-speed cameras. This is an investment intended to meet up with the best-established competitors in this segment.

A new product segment has also been added to the system portfolio. This time it is the so-called 'PIV' System for flow analysis in liquids and gases. PIV is an entirely new market, which together with the other products broadens the offering in the field of touch-free measurement.

Parent Company

The Parent Company's net revenue amounted to MSEK 1.8 (1.2) and the result after taxes amounted to MSEK – 3.1 (–3.0). Capital expenditures in non-current assets amounted to MSEK 65.6 (0.0), in its entirety relating to the acquisition of all shares outstanding in Limab Oy. The acquisition was financed by a bank loan and a contingent seller note. Shares in subsidiaries have been pledged as collateral for the loans. The Parent Company's equity amounted to MSEK 53.0 as of 30 June 2018 (551.8) and the equity ratio was 41 (78) percent.

Personnel

The average number of employees was 72 (68). The number of employees at the end of the period was 93.

Number of shares outstanding

The number of shares outstanding as of 30 June 2018 was 38,231,922.

Events after the end of the period under review

No significant events have taken place after the end of the period under review.

Accounting principles

Image Systems applies International Financial Reporting Standards (IFRS) as adopted by EU. This Interim Report for the Image Systems Group has been compiled in accordance with IAS 34 Interim financial reporting and the Swedish Annual Accounts Act. Information pursuant to IAS 34 Interim Financial Reporting is provided in notes as well as elsewhere in the Interim Report.

The new and amended standards to be applied from 1 January 2017 had no material impact on the Group's financial reports.

In all other respects the accounting policies and calculation methods are the same as those applied in the 2016 Annual Report. The introduction of IFRS 9 as of 1 January 2018 had no significant effect on the Company's financial reports. The Company has not yet analysed the effects of IFRS 16.

The Interim Report for the Parent Company Image Systems AB is compiled in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board.

Image Systems applies ESMA's (European Securities and Markets Authority) guidelines for alternative key financial indicators. Definitions of key financial indicators are found on page 8 and relevant reconciliations are found on page 10.

Risks and uncertainty factors

The Group's principal risk and uncertainty factors include business risks associated with contracts with customers and suppliers, as well as other factors in the surrounding world, such as the risk of changes in foreign currency exchange rates. A report of the Group's significant financial and business risks will be found in the Board of Director Report and under Note 3 in the Annual Report for 2017. No other significant new or changed risks were identified during the quarter.

This Interim Report has not been subject to review by the by the Company's auditors.

Affirmation of the Board of Directors

The undersigned confirm that the interim report provides a fair picture of the Parent Company's and the Group's operations, financial position and results and describes significant risks and uncertainty factors facing the Parent Company and the companies in the Group.

Linköping, 30 August 2018

Board of Directors

Thomas Wernhoff
Chairman

Catharina Lagerstam
Director

Örjan Johansson
Director

Jan Swedin
Director

Johan Friberg
President & CEO

Reporting schedule:

Interim Report July-September 2018
Year-end Report 2018

26 October 2018
8 February 2019

The information in this year-end report is such that Image Systems AB is obliged to publish in accordance with EU's Market Abuse Regulation and the Swedish Securities Markets Act. The information herein was provided for publication at 6:00 p.m. (CET), 30 August 2018.

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

Questions will be answered by:

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Klas Åström, CFO, telephone +46-13-200 100, e-mail klas.astrom@imagesystems.se

Image Systems AB, Snickaregatan 40, SE582 26 Linköping, SWEDEN. Corporate ID number 556319-4041.

Summary Consolidated Income Statements

MSEK	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	Full year 2017
Net sales	42.5	29.7	62.9	57.6	126.2
Capitalised development expenses	1.5	1.9	3.4	3.0	7.4
Total revenue	44.0	31.6	66.3	60.6	133.6
Raw materials and supplies	-18.0	-11.6	-21.8	-21.2	-47.7
Other external costs	-5.3	-5.7	-10.3	-10.3	-19.4
Personnel costs	-16.6	-15.5	-31.7	-30.0	-57.7
Depreciation and amortisation of and impairment charges against tangible non-current assets	-2.1	-1.9	-4.0	-3.6	-7.4
Other operating revenue	0.2	-	0.3	-	-
Other operating costs	-1.8	-0.1	-1.8	-0.2	-0.3
Operating result	0.4	-3.2	-3.0	-4.7	1.1
Net finance items	-0.6	-0.1	-0.7	-0.2	-0.8
Result before taxes	-0.2	-3.3	-3.7	-4.9	0.3
Taxes	-0.8	-	-0.8	-	11.4
Result for the period	-1.0	-3.3	-4.5	-4.9	11.7
Of which attributable to the Parent Company's equity holders	-1.0	-3.3	-4.5	-4.9	11.7
Earnings per share ¹⁾	-0.03	-0.09	-0.12	-0.13	0.31
Earnings per share after dilution ¹⁾	-0.03	-0.09	-0.12	-0.13	0.31
Average number of shares outstanding	38,231,922	38,231,922	38,231,922	38,231,922	38,231,922
Average number of shares outstanding, after dilution	38,231,922	38,231,922	38,231,922	38,231,922	38,231,922

Consolidated Report of Comprehensive Result

Result for the period	-1.0	-3.3	-4.5	-4.9	11.7
Other comprehensive result					
Translation differences	0.3	0.3	0.8	0.3	0.2
Taxes related to other comprehensive result	-	-	-	-	-
Total other comprehensive result	0.3	0.3	0.8	0.3	0.2
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-0.7	-3.0	-3.7	-4.6	11.9
Of which attributable to the Parent Company's equity holders	-0.7	-3.0	-3.7	-4.6	11.9

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

Group	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	Full year 2017
Revenue by segment (business area)					
RemaSawco	37.6	26.4	54.4	48.7	107.0
Motion Analysis	6.4	5.2	11.9	11.9	26.6
Consolidation items and Parent Company	-	-	-	-	-
Total	44.0	31.6	66.3	60.6	133.6
EBITDA					
RemaSawco	4.0	0.1	2.7	-0.3	5.6
Motion Analysis	1.8	0.1	2.9	2.1	8.0
Consolidation items and Parent Company	-1.5	-1.5	-2.8	-2.9	-5.1
EBITDA total	4.3	-1.3	2.8	-1.1	8.5
Acquisition expenses	-1.8	-	-1.8	-	-
Depreciation and amortisation of and impairment charges against tangible and intangible non-current assets	-2.1	-1.9	-4.0	-3.6	-7.4
Operating result	0.4	-3.2	-3.0	-4.7	1.1
Net finance items	-0.6	-0.1	-0.7	-0.2	-0.8
Result before taxes	-0.2	-3.3	-3.7	-4.9	0.3
Taxes	-0.8	-	-0.8	-	11.4
Result for the period	-1.0	-3.3	-4.5	-4.9	11.7

Summary Consolidated Balance Sheets

MSEK	30 June 2018	30 June 2017	31 December 2017
Non-current assets			
Goodwill	32,5	10,5	10,5
Customer relationships	57,0	17,4	15,4
Trade marks	7,1	9,1	8,1
Capitalised development expenses	21,5	10,4	14,4
Tangible non-current assets	1,5	1,0	0,8
Financial non-current assets	10,9	-	11,4
Total non-current assets	130,5	48,4	60,6
Current assets			
Inventories	12,3	7,6	7,3
Trade receivables	28,2	18,1	20,1
Other short-term receivables	38,9	22,1	22,0
Cash and cash equivalents	7,2	0,9	0,9
Total current assets	86,6	48,7	50,3
TOTAL ASSETS	217,1	97,1	110,9
Equity (attributable in its entirety to the Parent Company's equity holders)	70,0	57,2	73,7
Long-term liabilities			
Provisions relating to contingent purchase money	10,4		
Deferred tax liabilities	8,7	-	-
Total long-term liabilities	19,1	-	-
Current liabilities			
Loans from credit institutions	51,0	10,1	9,1
Provision relating to contingent purchase money	11,5	-	-
Trade payables	22,8	12,6	8,1
Other current liabilities	42,7	17,2	20,0
Total current liabilities	128,0	39,9	37,2
TOTAL EQUITY AND LIABILITIES	2117,1	97,1	110,9

Summary Report of Changes in Consolidated Equity

	30 June 2018	30 June 2017	Full year 2017
Opening equity according to the balance sheet	73,7	61,8	61,8
Result for the period	-4,5	-4,9	11,7
Other comprehensive result for the period	0,8	0,3	0,2
Total comprehensive result for the period	-3,7	-4,6	11,9
Closing equity according to the balance sheet	70,0	57,2	73,7

Summary Consolidated Cash Flow Statements

MSEK	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	Full year 2017
Cash flow from operating activities before changes in working capital	2.4	-1.2	1.3	-1.1	7.9
Changes in working capital					
Increase (-) /Decrease (+) in inventories	0.5	1.4	-0.2	1.3	1.6
Increase (-) /Decrease (+) in receivables	-9.8	-2.1	-3.9	11.0	9.0
Increase (+) /Decrease (-) in current liabilities	13.2	1.5	8.7	-9.0	-10.9
Total change in working capital	3.9	0.8	4.6	3.3	-0.3
Cash flow from operating activities	6.3	-0.4	5.9	2.2	7.6
Investment activities					
Acquisition of Group company	-38.0	-0.3	-38.0	-0.3	-0.3
Acquisition of intangible non-current assets	-1.5	-1.9	-3.4	-3.0	-7.4
Acquisition of tangible non-current assets	-	-0.1	-0.2	-0.5	-0.5
Cash flow from investment activities	-39.5	-2.3	-41.6	-3.8	-8.2
Operative cash flow	-33.2	-2.7	-35.7	-1.6	-0.6
Financing activities					
Increase (+) in loans	38.9	2.7	41.9	1.4	16.7
Decrease (-) loans	-	-	-	-	-16.3
Cash flow from financing activities	38.9	2.7	41.9	1.4	0.4
Cash flow for the period	5.7	0.0	6.2	-0.2	-0.2
Cash and cash equivalents at beginning of period	1.4	0.9	0.9	1.1	1.1
Translation difference in cash and cash equivalents	0.1	0.0	0.1	0.0	0.0
Cash and cash equivalents at end of period	7.2	0.9	7.2	0.9	0.9

Key performance indicators Group	April-June	April-June	Jan-June	Jan-June	Full year
	2018	2017	2018	2017	2017
Order bookings, MSEK	32.6	41.1	60.0	72.6	136.1
Order backlog, MSEK	59.0	43.8	59.0	43.8	36.9
Gross margin, %	59	63	67	65	64
Operating margin, %	0.9	neg	neg	neg	0.8
Profit margin, %	neg	neg	neg	neg	0.2
Return on capital employed, %	0.3	neg	neg	neg	1.4
Return on equity, %	neg	neg	neg	neg	17.3
Equity ratio, %	33	59	33	59	67
Debt equity ratio	0.6	0.2	0.6	0.2	0.1
Net investment in non-current assets, MSEK	39.5	2.3	41.6	3.8	8.2
Depreciation and impairment of non-current assets, MSEK	2.1	1.9	4.0	3.6	7.4
Average number of employees	78	68	74	68	68
Number of shares outstanding at end of period, million	38.23	38.23	38.23	38.23	38.23
Average number of shares outstanding, million	38.23	38.23	38.23	38.23	38.23
Earnings per share ¹⁾ , SEK	-0.03	-0.09	-0.12	-0.13	0.31
Cash flow per share ¹⁾ , SEK	-0.87	-1.50	-0.93	-0.04	-0.02
Equity per share ²⁾ , SEK	1.83	1.50	1.83	1.50	1.93

1) Calculated based on average number of shares outstanding.

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

Quarterly Survey

Group	2018		2017				2016			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order bookings, MSEK	32.6	27.4	35.3	28.2	41.1	31.5	33.9	30.1	30.7	32.9
Revenue, MSEK	46.3	22.3	43.3	29.7	31.6	29.0	46.0	23.7	34.2	20.0
Gross margin, %	58	83	63	65	63	67	59	65	65	77
Operating result before depreciation and amortisation (EBITDA), MSEK	2.5*	-1.5	7.0	2.6	-1.3	0.2	5.5	-1.7	1.8	-4.2
Operating result (EBIT), MSEK	0.4*	-3.4	5.1	0.7	-3.2	-1.5	3.9	-3.3	0.2	-5.8
Operating margin, %	0.9	neg	11.8	2.4	neg	neg	8.5	neg	0.6	neg
Return on equity, %	neg	neg	24.5	0.9	neg	neg	6.7	neg	0.0	neg
Equity ratio, %	34	67	67	56	59	62	56	61	62	67
Earnings per share, SEK	-0.03	-0.09	0.42	0.01	-0.09	-0.04	0.11	-0.09	0.00	-0.16
Cash flow per share, SEK	-0.87	-0.06	0.24	-0.22	-0.07	0.03	-0.01	-0.01	-0.06	0.02
Equity per share, SEK	1.83	1.84	1.93	1.51	1.50	1.57	1.61	1.50	1.59	1.59
Average number of shares outstanding, million	38.23	38.23	38.23	38.23	38.23	38.23	38.23	38.23	38.23	38.23

*Including acquisition expenses in the amount of MSEK 1.8.

Definitions

Performance measure

EBITDA

Operating result plus depreciation, amortisation and interest on tangible and intangible assets.

Margins

Operating margin, %

Operating result relative to net revenue.

Profit margin, %

Result before taxes relative to net revenue.

Profitability

Return on average capital employed, %

Operating result, plus interest income, relative to average capital employed. Capital employed refers to balance sheet total, less non-interest-bearing liabilities.

Return on average equity, %

Result for the period relative to average equity.

Capital structure

Equity ratio, %

Equity at end of period relative to balance sheet total.

Net debt equity ratio

Interest-bearing liabilities at end of period, less cash and cash equivalents, relative to equity.

Other

Net investment in non-current assets, MSEK

Net investments both in tangible and intangible non-current assets, as well as financial non-current assets during the period.

Average number of employees

Average number of employees during the period.

Pre=-share data

Number of shares outstanding at end of period in million

Number of shares outstanding at end of period.

Average number of shares outstanding, million

Average number of shares outstanding during the period.

Earnings per share, SEK

Result after taxes divided by average number of shares outstanding.

Cash flow per share, SEK

Operative cash flow divided by average number of shares outstanding.

Equity per share, SEK

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

Summary Parent Company Income Statements

MSEK	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	Full year 2017
Revenue	0.9	0.6	1.8	1.2	2.8
Other external costs	-0.9	-1.0	-1.8	-1.7	-3.1
Personnel costs	-1.5	-1.2	-2.8	-2.5	-4.8
Other operating costs	-	-	-	-	-
Operating result	-1.5	-1.6	-2.8	-3.0	-5.1
Net finance items	-0.2	-	-0.3	-	-0.3
Result before taxes	-1.7	-1.6	-3.1	-3.0	-5.4
Year-end appropriations	-	-	-	-	5.0
Taxes	-	-	-	-	1.9
Result for the period	-1.7	-1.6	-3.1	-3.0	1.5

Summary Report of Parent Company Comprehensive Result

Result for the period	-1.7	-1.6	-3.1	-3.0	1.5
Other comprehensive result	-	-	-	-	-
Total other comprehensive result	-	-	-	-	-
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-1.7	-1.6	-3.1	-3.0	1.5

Summary Parent Company Balance Sheets

MSEK	30 June 2018	30 June 2017	31 December 2017
Non-current assets			
Shares in subsidiaries	121.8	56.1	56.1
Other financial non-current assets	1.9	-	1.9
Total non-current assets	123.7	56.1	58.0
Current assets			
Trade receivables	0.3	0.4	0.4
Due from Group companies	0.0	3.8	6.7
Other short-term receivables	5.6	4.8	4.9
Cash and cash equivalents	0.1	0.9	0.0
Total current assets	6.0	9.9	12.0
TOTAL ASSETS	129.7	66.0	70.0
Equity	53.0	51.8	56.3
Long-term liabilities			
Provision relating to contingent supplemental purchase money	10.4	-	-
Total long-term liabilities	10.4	-	-
Current liabilities			
Bank loans	41.2	-	5.0
Provision relating to contingent supplemental purchase money	11.5	-	5.0
Trade payables	2.7	0.4	6.9
Due to Group companies	9.0	11.6	0.1
Other current liabilities	1.9	2.2	1.7
Total current liabilities	66.3	14.2	13.7
TOTAL EQUITY AND LIABILITIES	129.7	66.0	70.0

Summary Report of Changes in the Parent Company's Equity

MSEK	30 June 2018	30 June 2017	31 December 2017
Opening equity according to the balance sheet	56.3	54.8	54.8
Result for the period	-3.3	-3.0	1.5
Other comprehensive result for the period	-	-	-
Total comprehensive result	-3.3	-3.0	1.5
Closing equity according to the balance sheet	53.0	51.8	56.3

Summary Parent Company Cash Flow Statements

MSEK	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	Full year 2017
Cash flow from operating activities before changes in working capital	-1.7	-1.6	-3.1	-3.0	-0.4
Changes in working capital					
Increase (-)/Decrease (+) in receivables	-0.2	-	-0.7	-0.4	0.5
Decrease (-) in current liabilities	1.9	-0.6	2.6	-0.9	-1.7
Total change in working capital	1.7	-0.6	1.9	-1.3	-1.2
Cash flow from operating activities	0.0	-2.2	-1.2	-4.3	-1.6
Investment activities					
Acquisition of subsidiary	-43.7	-	-43.7	-	-
Due from (+) to (-) subsidiaries	7.5	2.2	8.8	4.3	-3.4
Cash flow from investment activities	-36.2	2.2	-34.9	4.3	-3.4
Operative cash flow	-36.2	0.0	-36.1	0.0	-5.0
Financing activities					
Increase (+) in loans	36.2	-	36.2	-	10.0
Decrease (-) in loans	-	-	-	-	-5.0
Cash flow from financing activities	36.2	-	36.2	-	5.0
Cash flow for the period	0.0	0.0	0.1	0.0	0.0
Cash and cash equivalents at beginning of period	0.1	0.0	0.0	0.0	0.0
Cash and cash equivalents at end of period	0.1	0.0	0.1	0.0	0.0

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

Alternative key financial indicators

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

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

Image Systems' definitions of these measures not defined by IFRS are described on page 7 under the heading Definitions.

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

EBITDA

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

Net liabilities

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

Operating result before depreciation, amortisation and interest EBITDA

MSEK	April-June 2018	April-June 2017	Jan-June 2018	Jan-June 2017	Full year 2017
Operating result	0.4	-3.2	-3.0	-4.7	1.1
Depreciation and amortisation of and impairment charges against tangible and intangible non-current assets	2.1	1.9	4.0	3.6	7.4
Operating result before depreciation and Amortisation EBITDA	2.5	-1.3	1.0	-1.1	8.5
Net liabilities					
MSEK		30 June 2018	30 June 2017	31 December 2017	
Cash and cash equivalents		7.2	0.9	0.9	
Provision for contingent purchase money		21.9	-	-	
Interest-bearing liabilities		51.0	10.1	9.1	
Net liabilities		65.7	9.2	8.2	

Acquisition of RemaSawco OY

Image Systems has acquired all shares outstanding in Limab Oy, changing its name to RemaSawco OY, active in touch-free measurement system for the sawmill industry. The company was acquired on a debt-free basis for total purchase money of MEUR 6.1 (approximately MSEK 62.5), of which the initial purchase money amounted to MEUR 4.0 (approximately MSEK 41.0 MSEK). Contingent purchase money will be paid over a two-year period provided Limab Oy's current shareholders remain as employees of the company. The acquisition was financed with a bank loan in the amount of MDSEK 41.5 and a contingent seller's note in the amount of MEUR 2.1, equivalent to approximately MSEK 21.5.

The acquired company's competence in advanced measuring technology, especially in the area of x-ray, as well as a strong market presence in Finland, the Baltic States and Russia, means that the new group will have a stronger offer in several customer and market segments. The transaction is industrially justified and is expected to bring synergies on terms of revenue as well as costs. The acquisition therefore creates improved opportunities for growth of the Group.

The acquisition is consolidated as of June 1 2018. Analysis of the acquired assets are preliminary and may be subject to change. Intangible assets have been valued with separation of goodwill. Any remaining goodwill value will be attributable primarily to synergies and other intangible assets that do not meet the requirements for separate recognition. The acquisition analysis for RemaSawco Oy indicates that goodwill amounts to MSEK 22,0. Identifiable customer relationships have been valued at MSEK 43.7. Deferred taxes in the amount of MSEK 8.7 are reported relating to assets reported separately as goodwill. No part of the goodwill incurred in connection with the acquisition is expected to be tax deductible.

Fair value of acquired assets and assumed liabilities

MSEK	Acquisition of RemaSawco OY
Intangible non-current assets	48.0
Other non-current assets	0.8
Total non-current assets	48.8
<u>Total current assets</u>	<u>30.7</u>
Total assets	79.5
Total long-term liabilities	8.7
<u>Total current liabilities</u>	<u>28.1</u>
Total liabilities	35.8
Fair value of acquired assets and assumed liabilities	43.7
<u>Goodwill</u>	<u>22.0</u>
Total purchase money	65.7
Less cash and cash equivalents in the acquired company	-5.8
<u>Adjustment for additional purchase money not yet paid</u>	<u>-21.9</u>
Cash flow from acquisition of subsidiary	38.0