

Interim Report

January – March 2019

Weak quarter followed by large order after the period close

SEK in millions	2019	2018	Δ %
	Jan-Mar	Jan-Mar	
Revenue	66.8	84.2	-21
Gross profit	40.7	50.1	-19
Gross margin, %	60.9	59.6	
EBITDA	3.9	19.5	-80
Operating profit/loss	1.5	18.5	-92
Operating margin, %	2.2	22.0	
Profit/loss for the period	1.5	13.8	-89
Earnings per share, SEK	0.03	0.31	-89

“INVISIO’s first quarter was weak in terms of sales, but after the period close, we received a significant order worth SEK 111 million from a new customer in the American Department of Defense. We estimate that there are good prospects of further orders from the customer in coming years. The order was received through our recently awarded GSA contract. It was hoped that the order would be received earlier, but since this was our first order via the GSA system the process took a little longer. The greater part of the delivery is expected to be made in the second quarter, as we have already built up an inventory for the order.”

Lars Højgård Hansen, CEO

IMPORTANT EVENTS DURING THE QUARTER

- INVISIO received GSA status and contracts in the USA
- INVISIO received an order of SEK 29 million from an existing customer in the US Department of Defense
- The order book at the close of the quarter was 48.3 SEK million (127.2).

IMPORTANT EVENTS AFTER THE CLOSE OF THE QUARTER

- INVISIO received an order of SEK 111 million from a new customer in the USA
- INVISIO received an order of SEK 26 million from SFAB in the USA
- INVISIO wins tender from German police force

Weak quarter followed by large order after the period close

INVISIO's first quarter was weak in terms of sales, but after the period close, we received a significant order worth SEK 111 million from a new customer in the American Department of Defense. We estimate that there are good prospects of further orders from the customer in coming years. The order was received through our recently awarded GSA contract. It was hoped that the order would be received earlier, but since this was our first order via the GSA system the process took a little longer. The greater part of the delivery is expected to be made in the second quarter, as we have already built up an inventory for the order.

Sales amounted to SEK 66.8 million (84.2). The decrease compared with the previous year is largely due to the delay in the above-mentioned large order. As we have consistently communicated, INVISIO's market is characterized by large procurements at irregular intervals with long lead times. This means that both order intake and sales for individual quarters may show considerable variation.

The gross margin for the first quarter was sound, at 60.9 per cent (59.6). The strong gross margin is an effect of a greater share of direct sales via our own organization in the USA and France, among other places.

The operating profit for the quarter was SEK 1.5 million (18.5). The change is explained, apart from the lower sales, by increased activities according to plan for our long-term strategic product and marketing initiatives. We estimate that these activities will make a significant contribution to INVISIO's future growth.

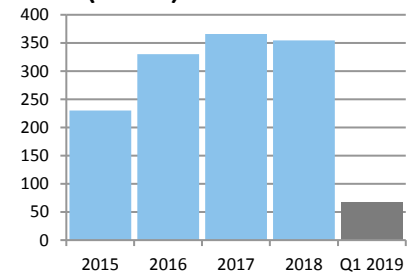
The order inflow in the quarter was SEK 59.0 million (58.0) and the order book at the close of the quarter was SEK 48.3 million (127.2).

Continued success in the USA

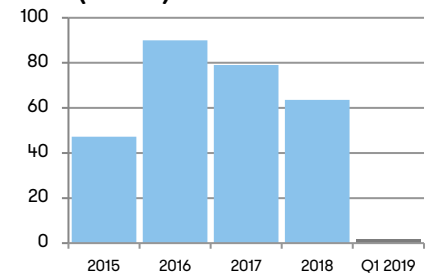
In the first quarter we won a coveted GSA contract in the USA that makes it simpler for federal, state and local authorities to effectively buy INVISIO equipment directly from us on agreed terms. The agreement runs for five years, with the option of three extensions of five years each, i.e. a potential total contract period of 20 years.

During the quarter we received an order for one of our communication and hearing protection systems from an existing customer in the US Defense Department worth about SEK 29 million to be delivered in the two next quarters. This order, in combination with the large order after the close of the quarter, as well as several smaller orders during the quarter, is evidence of our strong position in the USA through our own sales organization. In 2019 we will further strengthen our sales organization somewhat in areas where we see potential and expect continued sound growth in the USA during the year.

Sales (SEK m)



EBIT (SEK m)



High share of direct sales provides high gross margin

Strong position in the USA through our own sales organization



Sound growth in new markets

In line with our strategy, we are focusing on continued growth in existing markets while addressing new geographical markets in Asia, the Middle East and South America. We now see that this work is starting to yield results. During the quarter INVISIO has received several small orders from special forces. As communicated earlier, we are expecting a large breakthrough order from one of our new markets in the coming quarters. In the long term we estimate that these initial orders can lead to several major orders according to the same pattern as we have seen in the western world, where introduction via special forces can lead to larger volumes from other parts of the defense organization.

Intensified marketing of Intercom

At the end of 2018 we received our first Intercom order for a small number of units from a defense force in Europe. During the first quarter we have now started further market penetration by introducing INVISIO's Intercom for selected customers. The market penetration is estimated to lead to more orders in the latter part of the year, even though larger order volumes lie further in the future. The new intercom system was developed for use in vehicle together with INVISIO's personal communication equipment. With Intercom we are broadening our product offer to the defense and security industry and we consider that the new category will make a material contribution to the company's development.

Our rate of investment in existing and new product categories is the highest in the company's history. As we communicated earlier, we have planned several new product launches for 2019. In addition, the number of active customer projects we are processing is higher than ever. All in all, there are many positive signals that strengthen my conviction of our growth potential.

Lars Højgård Hansen, CEO

Investments create growth potential

INVISIO in brief

INVISIO develops and sells advanced communication systems with hearing protection that enable professionals in noisy and mission critical environments to communicate and work effectively. The systems consist of headsets and control units that connect for example to an external group radio or a vehicle's intercom system.

The systems give operational advantages and increased safety for military and security personnel. They also contribute to reducing the costs of hearing loss for individuals and society.

Innovative product development

Product development in the Group is based on a good understanding of the users' and units' work environment and their specific needs. By combining different technologies and skills in acoustics, electronics, mechanics and software, INVISIO creates innovative and customized solutions that are better than traditional communication systems. Manufacturing is done mainly by contract manufacturers.

New product category for communication in vehicles

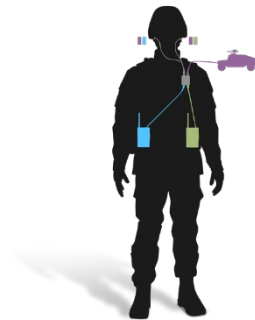
An intercom system for fixed or portable use in vehicles is currently being completed. The system has been developed for stand-alone use or together with INVISIO's existing communication systems and is intended to make communication more effective for users that move in and out of different vehicles and other forms of light transport. There is a more detailed description of the system on INVISIO's website and in INVISIO's annual report for 2018.

Growing niche market

INVISIO's current customers are primarily in defense and police forces. At present, more than 90 per cent of INVISIO's income is from military customers. Industry statistics show that globally there are about 50 million soldiers, of which about 20 million are deemed to be active. The largest number of soldiers are in countries in Asia, but their defense forces do not yet invest in advanced communication and hearing protection systems.²

Technologically mature countries with awareness of hearing protection issues, and whose soldiers have access to advanced radio communication in operations constitute INVISIO's primary target group. About two million potential users are serving in these countries' defense forces.³

The percentage of radio users is growing continually and is mainly driven by the increased operational capacity, safety and efficiency requirements of defense forces. In addition INVISIO drives growth by developing new, innovative solutions that gradually raise the industry's performance, functionality and user experience requirements.



INVISIO's solutions reduce harmful noise while amplifying weak sounds and retaining the user's ability to perceive sound direction.

Users retain situational awareness and can act according to what is going on around them.



Hearing loss is a common problem for employees of the armed forces. Soldiers that have spent time in war-torn areas are particularly affected.

Statistics show that the problems cost the American defense forces billions every year (USD).¹

¹Researchers evaluate true effects of hearing loss for soldiers, United States Army website, Dec 2015. | The 2016 Annual Benefits Report, US Department of Veteran Affairs, Veteran Benefits Administration.

² The Military Balance, the International Institute for Strategic Studies. 2017.

³ Countries Ranked by Military Strength (2017). Global Firepower. 2017. | The Global Information Technology Report 2015, World Economic Forum. | Democracy Index 2016, The Economist Intelligence Unit.

Current target market

Defense customers normally invest in INVISIO's systems when they modernize their communication equipment. The value of the global market for INVISIO's current products is estimated to be about SEK 20 billion. As a rule, our customers carry out procurements at four-year intervals, which means that the average annual target market for INVISIO's products is about SEK 5 billion. Consequently, there is great potential for continued growth in the target market.

The current target market does not include the coming product category for communication in vehicles. The new category broadens INVISIO's product offer to the defense and security industry and the company considers that it has the potential to make a material contribution to the company's future development. The company considers that the market for the new intercom system in the long term can be at least as great as the markets we have addressed to date with existing products.

Sales

Sales are primarily via a global network of partners and resellers, as well as from the headquarters in Copenhagen and our own sales offices in the USA, France and Italy. The business is normally conducted via procurements. The Group has long-term framework contracts with defense authorities in the USA, the UK, Canada, Australia and Denmark, among others.

Uneven order flow and sales over the year

INVISIO's market is characterized by large procurements, often with long lead times due to extensive processes with customer tests both in laboratories and among end users. This means that the order intake and sales for individual quarters may vary and have an effect on the full year figures.

Financial targets and strategies

The company's sales are to increase on average by 20 per cent per year. The operating margin must be at least 15 per cent. To achieve the financial targets INVISIO uses the following strategies:

- Increase market share in existing markets in Europe, North America and Oceania.
- Geographical expansion to emerging markets with long-term potential, including Asia and parts of the Middle East and South America.
- Product development referring to both new and further developed products for current target groups.
- Cost effectiveness in the company and in manufacturing.



Hearing and communication equipment are important components of critical operations and have been subject to modernization for a number of years, mainly in the defense forces but also in police services.

Sales and profit

First quarter 2019

Sales in the period January – March 2019 were SEK 66.8 million (84.2), equivalent to a decrease of 21 per cent in comparison with the same period in 2018. In comparable currencies the decrease was 24 per cent.

Sales on international markets are mainly in USD, EUR and GBP. INVISIO hedges large orders to offset currency fluctuations in the short term.

The order book amounted to 48.3 SEK million (127.2) at the close of the quarter. INVISIO's market is characterized by large procurements at irregular intervals. Lead times are often long due to extensive processes with customer tests both in laboratories and among end users. This means that the order intake and sales for individual quarters may vary and have an effect on the full year figures.

Gross profit was 40.7 SEK million (50.1) and the gross margin was 60.9 per cent (59.6). Gross margin may vary between the quarters depending on the product mix and the share of direct sales to end-customers.

Operating expenses for the quarter were 39.2 SEK million (31.6). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy.

During the quarter development costs of SEK 13.5 million (3.8) were capitalized. Operating expenses include depreciation of capitalized development costs of SEK 0.9 million (0.6), as a result of the lower sales for the quarter.

Operating profit for the quarter was SEK 1.5 million (18.5) and the operating margin was 2.2 per cent (22.0).

Net financial income was SEK 1.1 million (-0.5).

Profit before tax amounted to SEK 2.6 million (18.0) and profit for the period was SEK 1.5 million (13.8). Earnings per share were SEK 0.03 (0.31).

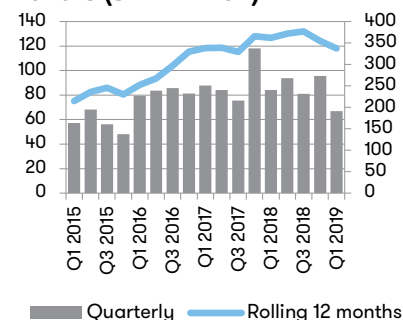
Cash flow, investments and financial position

Cash flow and investments

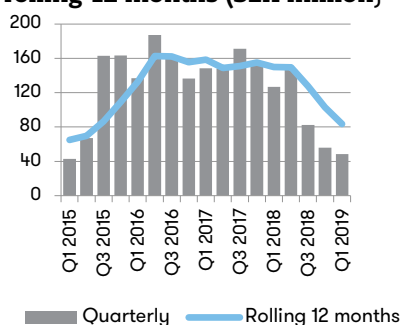
The Group's cash flow for the period January - March 2019 was SEK -6.5 million (37.4), of which cash flow from operating activities was SEK 8.0 million (41.2) and cash flow from investing activities was SEK -13.9 million (-3.8). Cash flow from financing activities was SEK -0.6 million (0.0).

During the period, the Group's investments amounted to SEK 13.9 million (3.8), of which SEK 13.5 million (3.8) was capitalized development costs and SEK 0.3 million (0.0) was net investment in property, plant and equipment.

Sales per quarter and rolling 12 months (SEK million)



Order book per quarter and rolling 12 months (SEK million)



Cash and cash equivalents and financial position

The Group's cash and cash equivalents at the close of the period amounted to SEK 56.5 million (155.6). INVISIO has sound financial strength and the Group had no loans at the close of the period.

Group equity at the close of the period amounted to SEK 297.1 million (281.2), which gave an equity/assets ratio of 77 per cent (82).

Parent Company

Net sales for the parent company during the period January – March 2019 amounted to SEK 0.0 million (0.0). The operating result was SEK -1.8 million (-1.6). Profit for the period amounted to SEK -1.2 million (-2.7).

At the close of the period the parent company's cash and bank balances amounted to SEK 24.1 million (26.6). Equity amounted to SEK 149.9 million (180.3), which gave an equity/assets ratio of 97 per cent (97). The number of employees in the parent company was 1 (1).

Employees

The number of employees in the Group, restated as full-time equivalents, was 86 (80) at the close of the period. Of the employees, 68 were men (65) and 18 women (15).

Other information

Material risks and uncertainties

INVISIO's business and earnings are affected by a number of external and internal factors. A continuous process is conducted to identify all anticipated risks and to assess how each respective risk is to be managed. Risks can be divided into market, operational, and financial risks. For a more detailed description of these risks, please refer to pages 39–40 in INVISIO's annual report for 2018.

Financial instruments

The fair value of the Group's financial assets and liabilities is estimated to be equal to the book value.

Review

This interim report has not been reviewed by the company's auditor.

Financial calendar

Interim report January – June 2019	August 16, 2019
Interim report January – September 2019	October 25, 2019
Year-end report 2019	February 13, 2020

Interim reports and annual reports are available at www.invisio.com.

Stockholm, May 2, 2019

Lars Højgård Hansen
President/CEO

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Publication

This information is information that INVISIO Communications AB (publ) is obliged to disclose under the EU Market Abuse Regulation. The information was released for public disclosure, through the agency of the President/CEO, on May 2, 2019, at 12.00 CEST.

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INVISIO Communications AB is a Swedish limited company listed on Nasdaq Stockholm. The company's share is traded under the ticker name IVSO and the ISIN code is SE0001200015.

Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2019 Jan-Mar	2018 Jan-Mar	2018 Full year
Revenue	2	66.8	84.2	354.5
Cost of goods sold		-26.2	-34.0	-154.7
Gross profit		40.7	50.1	199.7
Operating expenses*		-39.2	-31.6	-136.3
Operating profit/loss		1.5	18.5	63.5
Net financial items		1.1	-0.5	0.7
Profit/loss before tax		2.6	18.0	64.2
Income tax	3	-1.1	-4.2	-16.0
Profit/loss for the period		1.5	13.8	48.2
OTHER COMPREHENSIVE INCOME				
<i>Items that may subsequently be reclassified to profit and loss</i>				
Translation differences		3.4	7.5	9.9
Comprehensive income for the period		4.9	21.3	58.1
(Profit/loss attributable to equity holders of the parent company.)				
*Depreciation incl. in operating expenses		-2.4	-1.0	-4.3

	2019 Jan-Mar	2018 Jan-Mar	2018 Full year
Per-share data			
Earnings per share, SEK	0.03	0.31	1.09
Earnings per share after dilution, SEK	0.03	0.31	1.09
Shareholders' equity per share, SEK	6.74	6.38	6.62
Shareholders' equity per share after dilution, SEK	6.67	6.38	6.62
Equity ratio, %	77	82	82
Number of shares, thousand	44,098	44,098	44,098
Average number of outstanding shares, thousand	44,098	44,098	44,098
Average number of outstanding shares after dilution, thousand	44,554	44,098	44,554
Share price at year-end, SEK	65.40	61.90	56.90

Condensed consolidated statement of financial position

SEK in millions

Assets	Note	31/03/2019	31/03/2018	31/12/2018
Capitalized development costs		63.0	32.2	49.7
Equipment		4.2	4.3	4.4
Right-of-use assets, leasing	4	28.2	-	-
Deposits for rent, long-term		1.9	1.7	1.7
Deferred tax assets	3	15.1	24.0	15.6
Inventories		115.9	43.4	101.3
Trade receivables		90.1	63.2	104.6
Other short-term receivables		9.9	17.5	16.2
Cash and cash equivalents		56.5	155.6	62.2
Total assets		384.8	341.8	355.7

Shareholders' equity and liabilities

Shareholders' equity		297.1	281.2	292.0
Lease liability	4	28.7	-	-
Trade payables		32.3	35.2	39.6
Other short-term liabilities		26.7	25.4	24.1
Total shareholders' equity and liabilities		384.8	341.8	355.7

	2019	2018	2018
Condensed consolidated statement of changes in equity	Jan-Mar	Jan-Mar	Full year
Opening balance	292.0	259.9	259.9
Employee stock option program	0.2	-	0.5
Dividend	-	-	-26.5
Comprehensive income for the period	4.9	21.3	58.1
Closing balance	297.1	281.2	292.0

Condensed consolidated statement of cash flow

<i>SEK in millions</i>	2019	2018	2018
	Jan-Mar	Jan-Mar	Full year
Operating activities			
Profit/loss before tax	2.6	18.0	64.2
Adjustments for non-cash items	2.0	-0.7	2.0
Income tax paid	-0.7	-3.9	-4.8
Cash flow from operating activities before changes in working capital	3.8	13.4	61.4
Changes in inventories	-13.0	-5.4	-63.3
Changes in operating receivables	23.8	57.5	19.7
Changes in operating liabilities	-6.7	-24.3	-20.8
<i>Cash flow from changes in working capital</i>	4.1	27.8	-64.3
Cash flow from operating activities	8.0	41.2	-3.0
Investing activities			
Capitalization of development costs	-13.5	-3.8	-23.4
Acquisition of property, plant, and equipment	-0.3	-	-1.6
Acquisition of financial assets	-0.1	-0.1	-0.1
Cash flow from investing activities	-13.9	-3.8	-25.1
Financing activities			
Change in lease liability	-0.6	-	-
Dividend	-	-	-26.5
Cash flow from financing activities	-0.6	-	-26.5
CASH FLOW FOR THE PERIOD	-6.5	37.4	-54.6
Cash and cash equivalents at start of period	62.2	113.2	113.2
Translation differences in cash and cash equivalents	0.7	5.1	3.6
Cash and cash equivalents at end of period	56.5	155.6	62.2

Condensed parent company income statement

SEK in millions	2019	2018	2018
	Jan-Mar	Jan-Mar	Full year
Revenue	0.0	0.0	0.1
Operating expenses	-1.8	-1.7	-7.6
Operating profit/loss	-1.8	-1.6	-7.6
Net financial items**	0.7	-1.0	1.4
Profit/loss before tax	-1.2	-2.7	-6.1
Income tax	-	-	-
Profit/loss for the period	-1.2	-2.7	-6.1
**Of which, dividend from subsidiaries	-	-	-

Condensed parent company balance sheet

SEK in millions			
Assets	31/03/2019	31/03/2018	31/12/2018
Participations in Group companies	84.1	83.4	83.9
Receivables from Group companies	45.6	74.4	45.0
Other short-term receivables	0.8	0.9	0.7
Cash	24.1	26.6	25.6
Total assets	154.6	185.4	155.2
Shareholders' equity and liabilities			
Restricted shareholders' equity	65.7	65.7	65.7
Non-restricted shareholders' equity	84.2	114.6	85.1
Trade payables	0.2	0.6	0.3
Liabilities to Group companies	2.8	2.8	2.8
Other short-term liabilities	1.8	1.7	1.4
Total shareholders' equity and liabilities	154.6	185.4	155.2

Parent company changes in shareholders' equity	2019	2018	2018
	Jan-Mar	Jan-Mar	Full year
Opening balance	150.8	182.9	182.9
Employee stock option program	0.2	-	0.5
Dividend	-	-	-26.5
Profit/loss for the period**	-1.2	-2.7	-6.1
Closing balance	149.9	180.3	150.8
**Of which, dividend from subsidiaries	-	-	-

Notes

Note 1. Accounting policies and valuation principles

The interim report for the Group was prepared in accordance with IAS 34, the Swedish Financial Reporting Board's Recommendation RFR 1, Supplementary Accounting Rules for Groups, and the Annual Accounts Act. The parent company's accounts were prepared in accordance with RFR2, Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting policies applied are consistent with the policies described in INVISIO's annual report for 2018.

New standards

One new standard came into force on January 1, 2019: IFRS 16 Leases. Implementation of the new standards have had an impact on the Group's financial statements, please refer to Note 4.

Note 2. Revenue by geographical area

SEK in millions	2019	2018	2018
	Jan-Mar	Jan-Mar	Full year
Sweden	4.8	0.8	6.7
Europe	14.1	34.3	174.5
North America	43.0	45.0	164.5
Rest of the world	4.8	4.0	8.8
Total	66.8	84.2	354.5

Note 3. Income tax

Deferred tax assets in the balance sheet, disclosed net, amount to SEK 15.1 million, of which SEK 25.7 million, is attributable to tax loss carry forwards in the Danish subsidiary. Deferred tax assets referring to tax loss carry forwards are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. An individual assessment is made of each subsidiary with reference to historical performance and possibilities of utilizing the loss carry-forwards. Danish legislation limits the yearly utilization of loss carry-forwards, which means that the Danish subsidiary will pay tax in 2019. The Group's total loss carry-forwards as at March 31, 2019 were SEK 226.5 million, of which SEK 116.9 million are capitalized. The remaining unutilized loss carry-forwards amounted to SEK 109.5 million and refer to other companies and cannot be capitalized at present. All loss carry-forwards have an unlimited life.

Note 4. Leases

In January 2016 the IASB published a new standard on leases that replaces IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities referring to all leasing agreements, with some exceptions, be recognized in the balance sheet. This accounting is based on the view that the lessee has the right to use an asset for a specific period of time and at the same time an obligation to pay for this right. The accounting for the lessor will be unchanged in all material respects. The standard was adopted by the EU in October 2017 and is applicable to financial years starting on or after January 1, 2019. Early application is permitted, but has not been applied by INVISIO. The accounting policies applied for leases are described in INVISIO's annual report for 2018, Note 1, page 54.

Impact on transition

INVISIO applies IFRS 16 Leases as of January 1, 2019. The Group has applied a simplified transition (modified retrospective approach) which means the comparative figures are not restated. Implementation has impacted INVISIO's balance sheet total with an increase of SEK 29.2 million, mainly as a consequence of the Group's office lease contracts. Equity is not affected due to the transition approach adopted.

Effects on assets, shareholders' equity and liabilities, 01/01/2019

SEK in millions	IAS 17, 01/01/2019	Restatem. to IFRS 16	IFRS 16, 2019/01/01
Assets			
Right-of-use assets, leasing	-	29.2	29.2
Total effect	0.0	29.2	29.2
Shareholders' equity and liabilities			
Lease liability	-	29.2	29.2
Total effect	0.0	29.2	29.2

When establishing the lease liability in the opening balance as at January 1, 2019 INVISIO used a marginal borrowing rate of 1.5 per cent for rented premises and 3.0 per cent for other assets. The Group has decided to apply two exemptions under IFRS 16 and has therefore excluded leases where the underlying asset is of low value (USD 5 000 or less) and excluded leases where the lease term is 12 months or less. Accounting estimates when determining the lease liability are presented in INVISIO's annual report for 2018, Note 1, page 51.

Implementation of the standard means that lease payments are instead recognized as depreciation and interest expense, which mainly improves EBITDA. The net profit/loss will also be impacted for individual periods, as the interest component is higher at the beginning of the lease term. However, depreciation is linear and at the end of the lease term profit will be unaffected in comparison with the previously applied standard. The effect that IFRS 16 has had during the period on the Group's assets, liabilities and equity as well as profit is presented on the next page.

Note 4. Leases, cont.**Change in assets, shareholders' equity and liabilities, IFRS 16**

SEK in millions	01/01/2019	Change	31/03/2019
Assets			
Right-of-use assets, leasing	29.2	-1.0	28.2
Total change	29.2	-1.0	28.2
Shareholders' equity and liabilities			
Shareholders' equity	-	-0.5	-0.5
Lease liability	29.2	-0.6	28.7
Total change	29.2	-1.0	28.2

Effects on profit/loss for the period Jan-Mar 2019

SEK in millions	2019		2019 Jan-Mar
	Jan-Mar excl. IFRS 16	Restatem. to IFRS 16	
Gross profit	40.7	-	40.7
Operating expenses, excl. depreciation	-37.9	1.1	-36.7
Depreciation	-1.4	-1.0	-2.4
Operating profit/loss	1.4	0.1	1.5
Net financial items	1.6	-0.6	1.1
Profit/loss before tax	3.0	-0.5	2.6

Effects on cash flow for the period Jan-Mar 2019

SEK in millions	2019		2019 Jan-Mar
	Jan-Mar excl. IFRS 16	Restatem. to IFRS 16	
Operating activities			
Profit/loss before tax	3.0	-0.5	2.6
Adjustments for non-cash items:			
- Depreciation	1.4	1.0	2.4
- Other items	-0.5	-	-0.5
Other items among operating activities	3.4	-	3.4
Cash flow from operating activities	7.4	0.6	8.0
Cash flow from investing activities	-13.9	-	-13.9
Financing activities			
Change in lease liability	-	-0.6	-0.6
Cash flow from financing activities	0.0	-0.6	-0.6
CASH FLOW FOR THE PERIOD	-6.5	-	-6.5

Effects on selected key figures Jan-Mar 2019

SEK in millions	2019		2019 Jan-Mar
	Jan-Mar excl. IFRS 16	Restatem. to IFRS 16	
EBITDA	2.8	1.1	3.9
Operating profit/loss	1.4	0.1	1.5
Operating margin, %	2.1	0.1	2.2
Profit/loss for the period	2.0	-0.5	1.5
Earnings per share, SEK	0.05	-0.01	0.03

Financial key figures, alternative performance measures and other definitions

INVISIO's financial statements include both financial key figures that are specified in current financial reporting rules, alternative performance measures ("APM") in accordance with ESMA's definition and other key figures related to the business. The APMs are regarded as relevant for an investor who wants to understand the company's results and financial position better. For the APMs that are not directly reconcilable with the financial statements, a reconciliation is provided below. Reconciliation is against the closest comparable IFRS financial measure.

Gross margin

Gross profit as a percentage of total revenue.

Operating margin

Operating profit as a percentage of total revenue.

Profit margin

Profit for the year as a percentage of total revenue.

EBITDA

Operating profit before depreciation, amortizations and impairment losses.

EBIT (Operating profit/loss)

Operating profit/loss after depreciation, amortization and impairment losses. INVISIO defines EBIT (earnings before interest and tax) in the same way as Operating profit/loss.

Operating expenses

Sales and marketing expenses, Administration expenses and Research and development costs.

Net financial items

Financial income less Financial expenses.

Equity ratio

Equity divided by total assets (balance sheet total).

Number of shares

Number of outstanding shares at the close of the period.

Number of shares after dilution

Number of outstanding shares at the close of the period plus the number of shares that would be added if all dilutive potential shares were converted. Only the option programs whose

issue price is less than the average market price of the shares during the period can lead to a dilutive effect.

Average number of outstanding shares

Weighted average of the number of outstanding shares during the period.

Average number of outstanding shares after dilution

Weighted average of the number of outstanding shares during the period plus a weighted number of shares that would be added if all dilutive potential shares were converted. Only the option programs whose issue price is less than the average market price of the shares during the period can lead to a dilutive effect.

Earnings per share

Profit for the year divided by the average number of outstanding shares.

Earnings per share after dilution

Profit for the year divided by the average number of outstanding shares after dilution.

Shareholders' equity per share

Equity divided by the number of outstanding shares adjusted for non-registered issues.

Shareholders' equity per share after dilution

Shareholders' equity divided by the number of outstanding shares after dilution.

Number of employees at the close of the period

Number of employees on the date of salary payment in the last month of the period.

Reconciliation of alternative performance measures

SEK in millions		2019	2018	2018
		Jan-Mar	Jan-Mar	Full year
A	Gross profit	40.7	50.1	199.7
B	Operating expenses	39.2	31.6	136.3
A-B	EBIT (Operating profit/loss)	1.5	18.5	63.5
<hr/>				
A	EBIT (Operating profit/loss)	1.5	18.5	63.5
B	Depreciation, amortization and impairment losses	2.4	1.0	4.3
A+B	EBITDA	3.9	19.5	67.7

SEK in millions		31/03/2019	31/03/2018	31/12/2018
A	Equity	297.1	281.2	292.0
B	Number of shares, thousands	44,098	44,098	44,098
A/B	Shareholders' equity per share, SEK	6.74	6.38	6.62
<hr/>				
A	Equity	297.1	281.2	292.0
B	Number of shares after dilution, thousands	44,554	44,098	44,098
A/B	Shareholders' equity per share after dilution, SEK	6.67	6.38	6.62

Overview - eight past quarters

<i>SEK in millions</i>	2017	2017	2017	2018	2018	2018	2018	2019
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	84.2	75.5	118.1	84.2	93.8	80.9	95.6	66.8
Cost of goods sold	-43.7	-33.1	-47.0	-34.0	-38.5	-33.9	-48.3	-26.2
Gross profit	40.5	42.4	71.1	50.1	55.3	47.0	47.4	40.7
Operating expenses	-26.2	-28.2	-43.8	-31.6	-42.4	-35.4	-26.8	-39.2
Operating profit/loss	14.3	14.3	27.3	18.5	12.8	11.6	20.6	1.5
Net financial items	-2.7	0.0	-2.4	-0.5	0.6	0.0	0.5	1.1
Profit/loss before tax	11.6	14.3	24.9	18.0	13.4	11.6	21.1	2.6
Income tax	-	-1.2	-10.0	-4.2	-3.5	-3.1	-5.1	-1.1
Profit/loss for the period	11.6	13.1	15.0	13.8	9.9	8.4	16.0	1.5
Cash flow from operating activities	-4.7	-22.8	13.7	41.2	11.9	-31.2	-24.9	8.0
Gross margin, %	48.1	56.2	60.2	59.6	58.9	58.1	49.5	60.9
Operating margin, %	17.0	18.9	23.1	22.0	13.7	14.3	21.5	2.2
Profit margin %	13.8	17.3	12.7	16.5	10.6	10.4	16.7	2.3
Equity ratio, %	81	82	76	82	77	79	82	77
Earnings per share, SEK*	0.26	0.30	0.34	0.31	0.23	0.19	0.36	0.03
Shareholders' equity per share, SEK*	5.16	5.41	5.89	6.38	6.14	6.27	6.62	6.74

* Before dilution