

Interim report

January–September 2019

New agreements are milestones in INVISIO's development

SEK in millions	2019 Q3	2018 Q3	Δ %	2019 Jan-Sep	2018 Jan-Sep	Δ %
Revenue	109.2	80.9	35	313.3	258.8	21
Gross profit	62.3	47.0	33	190.2	152.4	25
Gross margin, %	57.1	58.1		60.7	58.9	
EBITDA	21.3	12.7	68	66.6	46.1	44
Operating profit/loss	18.8	11.6	62	59.0	42.9	38
Operating margin, %	17.2	14.3		18.8	16.6	
Profit/loss for the period	16.2	8.4	92	46.2	32.2	43
Earnings per share, SEK	0.37	0.19	92	1.05	0.73	43

“The third quarter together with October constitutes one of the most successful periods in the company’s history. In the quarter we won the prestigious procurement contract for the American Marine Corps, where the potential is great for us in coming years. After the close of the quarter we won three significant procurement contracts and signed long framework agreements. The largest contract, which may amount to SEK 290 million, is with the American Department of Defense. The second customer is the Belgian army and the third contract is with the Swedish Police. These four substantial successes mark clear milestones in the company’s development and will contribute to INVISIO’s continued growth journey for several years to come.”

Lars Højgård Hansen, CEO

IMPORTANT EVENTS DURING THE QUARTER

- The American Marine Corps chooses INVISIO for its communication and hearing protection equipment program, which covers up to 65,000 soldiers and runs for three years. The first order is worth SEK 43 million.
- The order book amounted to SEK 82.0 million (82.3) at the close of the quarter.

IMPORTANT EVENTS AFTER THE QUARTER

- The American Department of Defense signs a five-year framework agreement worth up to SEK 290 million.
- Our new customer, the Belgian army, submits a first order of SEK 30 million.
- The Swedish Police sign a two-year framework agreement with INVISIO with an option to extend for two years. The order value could amount to SEK 50-75 million over the agreement period. A first order of SEK 19 million was received.

New agreements are milestones in INVISIO's development

The third quarter together with October constitutes one of the most successful periods in the company's history. During the reporting period we were awarded the important and highly prestigious U.S. Marine Corps contract and received a first order for SEK 43 million.

After the close of the quarter we signed a significant framework agreement with the American Department of Defense for communication and hearing protection systems. The agreement, which runs for five years, corresponds to a total value of up to SEK 290 million over the agreement period. This is the second time the Department of Defense has awarded us a long contract; the new agreement replaces the first which was signed in 2017 and expired earlier this year. It is very gratifying that this important customer has again shown confidence in INVISIO, confidence that is of great help when addressing new customers and new geographies.

The third success consists of the procurement contract won for another army. This time we have the benefit of equipping the Belgian armed forces, who have submitted a first order for SEK 30 million.

In our domestic market we have signed a two-year framework agreement with the Swedish Police and received a first order worth SEK 19 million. Our estimate is that we will deliver to thousands of police officers and that the order value over the agreement period could amount to SEK 50-75 million. This agreement will also serve as important references for police customers in other markets.

In summary, these constitute four clear milestones in the company's development and will contribute to INVISIO's continued growth journey for several years to come.

INVISIO's order intake and sales in the third quarter were SEK 95.0 million (39.3) and SEK 109.2 million (80.9). The order book at the close of the period included orders to the value of SEK 82.0 million (82.3).

The gross and operating margins in the quarter were 57.1 per cent (58.1) and 17.2 per cent (14.3). Variations in INVISIO's gross margin are a consequence of a varying extent of sales via partners.

Sales in the first nine months of the year amounted to SEK 313.3 million (258.8), which means an increase of 21 per cent compared with the corresponding period in 2018. The gross and operating margins in the first nine months of the year were 60.7 per cent (58.9) and 18.8 per cent (16.6).

American Marine Corps chooses INVISIO

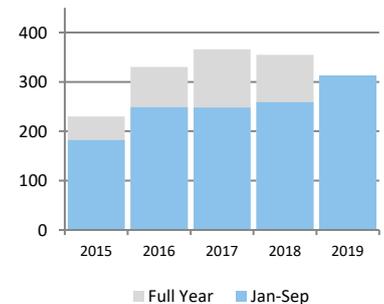
The American Marine Corps chose INVISIO for a new communication and hearing protection program in the third quarter. The program covers up to 65,000 soldiers and runs for three years. Our assessment is that we can expect several orders in addition to the first for SEK 43 million, which came during the quarter.

Winning the American Marine Corps procurement contract constitutes a significant reference in future negotiations with new customers both in the US and internationally.

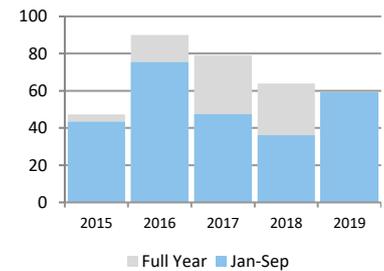
INVISIO is a market leader in the USA

The strong growth in the USA is clear evidence that the product development and marketing initiatives that have been gradually increased since 2017 are bearing fruit.

Sales (SEK m)



EBIT (SEK m)



American Marine Corps chooses INVISIO



In 2019 alone we won the following customers and programs in addition to the Marine Corps:

- INVISIO was assigned GSA status in January by the U.S. General Services Administration, which is the federal government's procurement unit.
- The U.S. Special Operations Command (USSOCOM¹) chose INVISIO in May as supplier to the CASL program, which is their future communication system.
- In October we were awarded a five-year IDIQ agreement (indefinite delivery, indefinite quantity) by the American Department of Defense. The framework agreement replaces the first one signed in 2017 and expired earlier this year.

These successes have strengthened INVISIO's position further as a clear market leader in the American market for advanced communication and hearing protection solutions.

First the German and now the Swedish Police

After the strategic breakthrough order from the German Police in the second quarter of this year, INVISIO signed two framework agreements with the Swedish Police after the close of the period and has received a first order. The agreements run for two years with an option to extend for another two years. We estimate that the agreements cover thousands of police officers and that the future order value for the agreement period may be SEK 50-75 million.

The framework agreements cover the entire Police Authority including Police Training, the Swedish Security Service and the Swedish Economic Crime Authority.

The need for modern communication equipment that makes it possible to work effectively and safely in noisy and mission-critical environments, is great within the police and security services. There is ongoing modernization of equipment both in Europe and the USA and in 2018 we started to progressively address markets in selected countries.

Swedish and German Police choose INVISIO

The new product Intercom meets great interest

Marketing of Intercom has gradually intensified in 2019 at trade exhibitions and to selected customers. Intercom captured great interest both at the DSEI defense and security equipment event in London in September and at the recent AUSA meeting in Washington in October.

Intercom broadens INVISIO's offer to the defense and security industry. Intercom creates a whole new market by introducing a system that is small, agile and flexible. Current solutions are often large, mounted and more complex systems, also with a higher price.

Intercom is an innovative, portable communication solution developed in close cooperation with key customers and we are convinced that this new product category will in the long run make a substantial contribution to the company's growth.

Intercom creates a new market segment for INVISIO

Good conditions for continued growth

In light of the company's sound growth in 2019, with new agreements and completed initiatives to develop our offer and market presence, INVISIO is now entering a very interesting period. As we are also seeing growing defense budgets and increased investment in civil security, we have every reason to take a positive view of INVISIO's continued growth journey.

Lars Højgård Hansen, CEO

¹ USSOCOM is the American Department of Defense military commando with overall responsibility for special units in the armed services.

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 security for the users, such as military and security personnel. They also contribute to reducing the suffering of individuals and the costs to society of hearing loss.

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, boats and helicopters

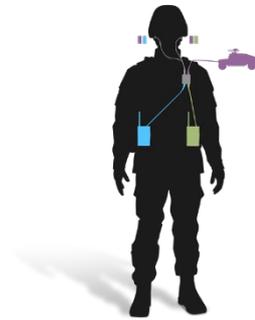
INVISIO's new product category Intercom was developed for portable use or mounting in vehicles, boats and helicopters. The system can be used together with INVISIO's existing communication systems and is intended to make communication simpler and more effective for users whose movements alternate between being inside and outside any kind of vehicle. The system is described in more detail on INVISIO's website and in the 2018 annual report.

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 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.³

Technologically mature countries with awareness of hearing protection issues, 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.⁴

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 in war-torn areas are particularly affected.

Statistics show that the problems cost the American defense forces billions every year (USD).²

²Researchers 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.

³ The Military Balance, the International Institute for Strategic Studies. 2017.

⁴ 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 newly developed product category for communication in vehicles, including boats and helicopters. 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 made from the headquarter in Copenhagen and via our own sales offices in the USA, France and Italy, as well as via a global network of partners and resellers. 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 at irregular intervals. Lead times are often long due to extensive administrative processes and 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

January–September 2019

Sales in the period January–September 2019 amounted to SEK 313.3 million (258.8), an increase of 21 per cent. After currency adjustment growth was 14 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.

At the close of the period the order book amounted to SEK 82.0 million (82.3).

Gross profit was SEK 190.2 million (152.4) and the gross margin was 60.7 per cent (58.9).

Operating expenses for January–September were SEK 131.1 million (109.5). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy. Since last year the company has recruited 14 new employees in R&D and Marketing/Sales.

During the period development costs of SEK 31.2 million (14.3) were capitalized. Development of new product platforms, including the Intercom system, is in the later stages of the development process, and therefore capitalization is much higher than in previous years. The later stages of the development process are resource intensive. At that time external investments are made in the form of development of production tools, extensive tests and certifications, as well as set-up of production.

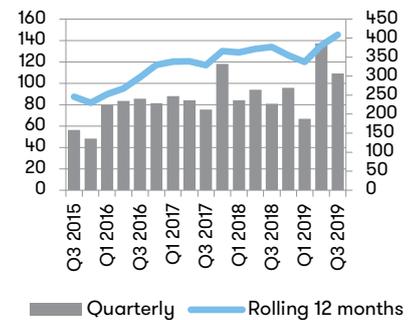
Operating expenses include depreciation of capitalized development costs of SEK 3.0 million (1.9). Depreciation will increase going forward, when the new products are ready for sale and their depreciation can start.

The operating profit and operating margin for the period were SEK 59.0 million (42.9) and 18.8 per cent (16.6).

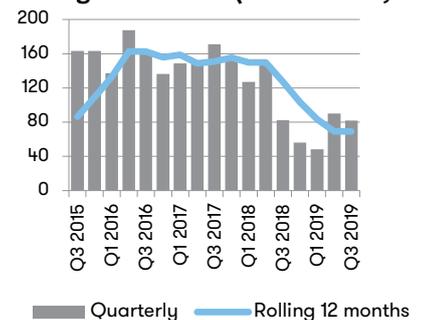
Net financial income was SEK 2.9 million (0.2).

Profit before tax amounted to SEK 62.0 million (43.0) and profit for the period was SEK 46.2 million (32.2). Earnings per share were SEK 1.05 (0.723).

Sales per quarter and rolling 12 months (SEK million)



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



Third quarter 2019

Sales in the period July–September 2019 amounted to SEK 109.2 million (80.9), an increase of 35 per cent compared with the corresponding period in the previous year. In comparable currencies sales increased by 25 per cent.

Gross profit was SEK 62.3 million (47.0) and the gross margin was 57.1 per cent (58.1). 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 SEK 43.6 million (35.4). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy.

During the quarter development costs of SEK 8.9 million (5.6) were capitalized. Operating expenses include depreciation of capitalized development costs of SEK 1.0 million (0.6).

Operating profit and operating margin for the quarter were SEK 18.8 million (11.6) and 17.2 per cent (14.3).

Net financial income was SEK 3.2 million (0.0).

Profit before tax amounted to SEK 21.9 million (11.6) and profit for the period was SEK 16.2 million (8.4). Earnings per share were SEK 0.37 (0.19).

Cash flow, investments and financial position

Cash flow and investments

The Group's cash flow for the period January-September 2019 was SEK 35.5 million (-19.6), of which cash flow from operating activities was SEK 99.8 million (21.9) and cash flow from investing activities was SEK -31.8 million (-15.1). Cash flow from financing activities was SEK -32.4 million (-26.5), of which SEK -30.9 million (-26.5) was dividend paid.

During the period the Group's investments amounted to SEK 31.8 million (15.1), of which SEK 31.2 million (14.3) was capitalized development costs and SEK 0.5 million (0.6) was net investment in property, plant and equipment.

The order book amounted to SEK 104.6 million (90.6) at the close of the quarter.

Cash and cash equivalents and financial position

The Group's cash and cash equivalents at the close of the period amounted to SEK 101.4 million (97.1). 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 319.9 million (276.6), which gave an equity/assets ratio of 77 per cent (79).

Employees

The number of employees in the Group, restated as full-time equivalents, was 96 (82) at the close of the period. Of the employees, 78 were men (65) and 18 women (17).

Parent company

Net income for the parent company during the period January – September 2019 amounted to SEK 0.0 million (0.0). The operating result was SEK -5.5 million (-6.0). The result for the period amounted to SEK -3.9 million (-4.7).

At the close of the period the parent company's cash and bank balances amounted to SEK 16.1 million (66.8). Equity amounted to SEK 117.1 million (152.1), which gave an equity/assets ratio of 96 per cent (97). The number of employees in the parent company was 1 (1).

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. INVISIO's 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.

Nominating Committee for the Annual General Meeting 2020

Ahead of the Annual General Meeting in 2020 the Nominating Committee comprises Simon Vesterby Kold, Chair of the Nominating Committee, appointed by Novo Holdings, Lennart Francke appointed by Swedbank Robur fonder, Claus Berner Møller appointed by ATP and Annika Andersson, Chair of the Board.

Shareholders who wish to submit proposals to the Nominating Committee can email to ir@invisio.com, or send an ordinary letter to: The Nominating Committee, INVISIO Communications AB, P O Box 151, SE 201 21 Malmö. To enable the Nominating Committee to process proposals submitted, they should have been received by the Nominating Committee at the latest by December 31, 2019.

Annual General Meeting 2019

INVISIO's Annual General Meeting in 2020 will be held in Stockholm on May 5, 2020 at 13:00.

Shareholders wishing to have a matter considered at the Annual General Meeting can send a written request by email to ir@invisio.com or by ordinary mail addressed to: The Board of Directors, INVISIO Communications AB, P O Box 151, SE 201 21 Malmö. Any request must have been received at least seven weeks before the Meeting in order to be included in the notice to attend and thus the agenda of the Annual General Meeting.

Financial calendar

Year-end report 2019

February 13, 2020, 14.00

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

Stockholm, October 25, 2019

Annika Andersson
Chair of the Board

Charlotta Falvin
Member of the Board

Ulrika Hagdahl
Member of the Board

Lage Jonason
Member of the Board

Martin Krupicka
Member of the Board

Charlotte Samuelsson
Member of the board

Lars Højgård Hansen
President/CEO

For further information, please contact

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Thomas Larsson, CFO
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Publication

This information is information that INVISIO Communications AB (publ) is obliged to disclose under the EU Market Abuse Regulation and the Securities Market Act. The information was released for public disclosure, through the agency of the President/CEO, on October 25, 2019, at 14.00.

Address

INVISIO Communications AB | P O Box 151 | SE 201 21 Malmö
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.

Invitation to conference call

INVISIO invites the media, investors and analysts to a conference call on Monday, October 28, at 10:00, when the President and CEO Lars Højgård Hansen will present INVISIO's interim report for the period January-September 2019.

The conference call will be held in English, starting with a brief presentation of the report followed by a question-and-answer session.

Telephone number for the conference call

To participate in the conference call, use one of the dial-in numbers below. Please dial in 5-10 minutes prior to the scheduled starting time to facilitate a timely start.

Sweden: +46 (0)8 5069 2180

Denmark: +45 32 72 80 42

United Kingdom: +44 (0)844 571 8 892

Germany: +49 (0)69 2443 7351

France: +33 (0)1 76 7007 94

Switzerland: +41 (0)31 580 0059

Standard international: +44 (0) 2071 928 000

Conference-ID: 269 3165

Webcast

To follow the presentation online, use the link below:

<https://edge.media-server.com/mmc/p/btyp7set>



For further information, please contact

Michael Peterson, Director Investor Relations & Corporate Communication,

INVISIO Communications

Mobile: +45 5372 7733 | E-post: mpn@invisio.com

Auditor's review report

INVISIO Communications AB reg.no. 556651-0987

Introduction

We have reviewed the condensed interim financial information (interim report) for INVISIO Communications AB (publ) as at September 30, 2019 and the nine-month period then ended. The board of directors and the President/CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion that is expressed on the basis of a review does not give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 25, 2019

PricewaterhouseCoopers AB

Mats Åkerlund
Authorized Public Accountant
Auditor in charge

Åsa Markefors
Authorized Public Accountant

Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2019 Q3	2018 Q3	2019 Jan-Sep	2018 Jan-Sep	2018 Full year
Revenue	2	109.2	80.9	313.3	258.8	354.5
Cost of goods sold		-46.9	-33.9	-123.1	-106.4	-154.7
Gross profit		62.3	47.0	190.2	152.4	199.7
Operating expenses*		-43.6	-35.4	-131.1	-109.5	-136.3
Operating profit/loss		18.8	11.6	59.0	42.9	63.5
Net financial items		3.2	0.0	2.9	0.2	0.7
Profit/loss before tax		21.9	11.6	62.0	43.0	64.2
Income tax	3	-5.7	-3.1	-15.8	-10.8	-16.0
Profit/loss for the period		16.2	8.4	46.2	32.2	48.2
OTHER COMPREHENSIVE INCOME						
<i>Items that may subsequently be reclassified to profit and loss</i>						
Translation differences		5.1	-2.8	11.5	10.6	9.9
Comprehensive income for the period		21.3	5.6	57.7	42.8	58.1
<i>(Profit/loss attributable to equity holders of the parent company.)</i>						
*Depreciation incl. in operating expenses		-2.5	-1.1	-7.5	-3.2	-4.3

	2019 Q3	2018 Q3	2019 Jan-Sep	2018 Jan-Sep	2018 Full year
Per-share data					
Earnings per share, SEK	0.37	0.19	1.05	0.73	1.09
Earnings per share after dilution, SEK	0.37	0.19	1.05	0.73	1.09
Shareholders' equity per share, SEK	7.25	6.27	7.25	6.27	6.62
Shareholders' equity per share after dilution, SEK	7.09	6.20	7.09	6.20	6.62
Equity ratio, %	77	79	77	79	82
Number of shares, thousand	44,098	44,098	44,098	44,098	44,098
Average number of outstanding shares, thousand	44,098	44,098	44,098	44,098	44,098
Average number of outstanding shares after dilution, thousand	45,121	44,598	44,790	44,334	44,554
Share price at year-end, SEK	74.20	60.80	74.20	60.80	56.90

Condensed consolidated statement of financial position

SEK in millions

Assets	Note	30/09/2019	30/09/2018	31/12/2018
Capitalized development costs		80.5	41.4	49.7
Equipment		3.5	4.0	4.4
Right-of-use assets, leasing	4	26.4	-	-
Deposits for rent, long-term		1.9	1.7	1.7
Deferred tax assets	3	5.2	19.2	15.6
Inventories		104.6	90.6	101.3
Trade receivables		73.8	78.8	104.6
Other short-term receivables		18.5	19.2	16.2
Cash and cash equivalents		101.4	97.1	62.2
Total assets		415.7	352.1	355.7

Shareholders' equity and liabilities

Shareholders' equity		319.9	276.6	292.0
Lease liability	4	27.7	-	-
Trade payables		30.4	44.9	39.6
Other short-term liabilities		37.8	30.6	24.1
Total shareholders' equity and liabilities		415.7	352.1	355.7

Condensed consolidated statement of changes in equity

	2019	2018	2018
	Jan-Sep	Jan-Sep	Full year
Opening balance	292.0	259.9	259.9
Employee stock option program	1.0	0.3	0.5
Dividend	-30.9	-26.5	-26.5
Comprehensive income for the period	57.7	42.8	58.1
Closing balance	319.9	276.6	292.0

Condensed consolidated statement of cash flow

SEK in millions	2019 Q3	2018 Q3	2019 Jan-Sep	2018 Jan-Sep	2018 Full year
Operating activities					
Profit/loss before tax	21.9	11.6	62.0	43.0	64.2
Adjustments for non-cash items	-0.5	-1.4	3.3	2.1	2.0
Income tax paid	-0.4	-0.2	-1.9	-4.7	-4.8
Cash flow from operating activities before changes in working capital	21.0	10.0	63.3	40.5	61.4
Changes in inventories	17.8	-20.8	1.8	-52.3	-63.3
Changes in operating receivables	1.2	-16.6	34.7	42.9	19.7
Changes in operating liabilities	-1.0	-3.7	-0.1	-9.2	-20.8
<i>Cash flow from changes in working capital</i>	18.0	-41.1	36.4	-18.6	-64.3
Cash flow from operating activities	39.0	-31.2	99.8	21.9	-3.0
Investing activities					
Capitalization of development costs	-8.9	-5.6	-31.2	-14.3	-23.4
Acquisition of property, plant, and equipment	-0.3	-0.2	-0.5	-0.6	-1.6
Acquisition of financial assets	0.0	0.0	-0.1	-0.1	-0.1
Cash flow from investing activities	-9.2	-5.8	-31.8	-15.1	-25.1
Financing activities					
Change in lease liability	-0.3	-	-1.5	-	-
Dividend	-	-	-30.9	-26.5	-26.5
Cash flow from financing activities	-0.3	-	-32.4	-26.5	-26.5
CASH FLOW FOR THE PERIOD	29.4	-37.0	35.5	-19.6	-54.6
Cash and cash equivalents at start of period	69.3	134.6	62.2	113.2	113.2
Translation differences in cash and cash equivalents	2.6	-0.5	3.7	3.6	3.6
Cash and cash equivalents at end of period	101.4	97.1	101.4	97.1	62.2

Condensed parent company income statement

SEK in millions	2019 Q3	2018 Q3	2019 Jan-Sep	2018 Jan-Sep	2018 Full year
Revenue	0.0	0.0	0.0	0.0	0.1
Operating expenses	-2.0	-1.7	-5.6	-6.1	-7.6
Operating profit/loss	-2.0	-1.7	-5.5	-6.0	-7.6
Net financial items**	0.3	-0.2	1.7	1.4	1.4
Profit/loss before tax	-1.7	-1.9	-3.9	-4.7	-6.1
Income tax	-	-	-	-	-
Profit/loss for the period	-1.7	-1.9	-3.9	-4.7	-6.1
**Of which, dividend from subsidiaries	-	-	-	-	-

Condensed parent company balance sheet

SEK in millions	30/09/2019	30/09/2018	31/12/2018
Assets			
Participations in Group companies	84.9	83.7	83.9
Receivables from Group companies	20.1	5.1	45.0
Other short-term receivables	0.6	0.9	0.7
Cash	16.1	66.8	25.6
Total assets	121.7	156.5	155.2
Shareholders' equity and liabilities			
Restricted shareholders' equity	65.7	65.7	65.7
Non-restricted shareholders' equity	51.4	86.4	85.1
Trade payables	0.3	0.1	0.3
Liabilities to Group companies	2.7	2.8	2.8
Other short-term liabilities	1.6	1.5	1.4
Total shareholders' equity and liabilities	121.7	156.5	155.2
Parent company changes in shareholders' equity	2019 Jan-Sep	2018 Jan-Sep	2018 Full year
Opening balance	150.8	182.9	182.9
Employee stock option program	1.0	0.3	0.5
Dividend	-30.9	-26.5	-26.5
Profit/loss for the period**	-3.9	-4.7	-6.1
Closing balance	117.1	152.1	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 standard has impacted the Group's financial statements, see Note 4.

Note 2. Revenue by geographical area

	2019	2018	2019	2018	2018
SEK in millions	Q3	Q3	Jan-Sep	Jan-Sep	Full year
Sweden	2.3	1.3	8.1	5.2	6.7
Europe	22.7	14.1	40.9	105.6	174.5
North America	78.6	63.1	251.7	140.8	164.5
Rest of the world	5.6	2.5	12.6	7.3	8.8
Total	109.2	80.9	313.3	258.8	354.5

Note 3. Taxes

Deferred tax assets in the balance sheet, disclosed net, are SEK 5.2 million, of which SEK 21.2 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 for 2019. The Group's total loss carry-forwards as at September 30, 2019 were SEK 208.8 million, of which SEK 96.5 million are capitalized. The remaining unutilized loss carry-forwards amounted to SEK 112.3 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 lease 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. Accounting policies for leases as of January 1, 2019 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 contract. Equity is not affected due to the transition approach adopted.

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

	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	30/09/2019
Assets			
Right-of-use assets, leasing	29.2	-2.9	26.4
Total change	29.2	-2.9	26.4
Shareholders' equity and liabilities			
Shareholders' equity	-	-1.3	-1.3
Lease liability	29.2	-1.5	27.7
Total change	29.2	-2.9	26.4

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

SEK in millions	2019		2019 Jan-Sep
	Jan-Sep excl. IFRS 16	Restatem. to IFRS 16	
Gross profit	190.2	-	190.2
Operating expenses, excl. depreciation	-127.1	3.5	-123.6
Depreciation	-4.4	-3.2	-7.5
Operating profit/loss	58.7	0.4	59.0
Net financial items	4.6	-1.7	2.9
Profit/loss before tax	63.3	-1.3	62.0

Effects on cash flow for the period Jan-Jun 2019

SEK in millions	2019		2019 Jan-Sep
	Jan-Sep excl. IFRS 16	Restatem. to IFRS 16	
Operating activities			
Profit/loss before tax	63.3	-1.3	62.0
Adjustments for non-cash items:			
- Depreciation	4.4	3.2	7.5
- Other items	-6.2	-	-6.2
Cash flow from changes in working capital	36.4	-	36.4
Cash flow from operating activities	97.9	1.8	99.8
Acquisition of property, plant, and equipment			
Cash flow from investing activities	-31.6	-0.3	-31.8
Financing activities			
Change in lease liability	-	-1.5	-1.5
Change in lease liability	-30.9	-	-30.9
Cash flow from financing activities	-30.9	-1.5	-32.4
CASH FLOW FOR THE PERIOD	35.5	-	35.5

Effects on selected key figures Jan-Jun 2019

SEK in millions	2019		2019 Jan-Sep
	Jan-Sep excl. IFRS 16	Restatem. to IFRS 16	
EBITDA	63.0	3.5	66.6
Operating profit/loss	58.7	0.4	59.0
Operating margin, %	18.7	0.1	18.8
Profit/loss for the period	47.5	-1.3	46.2
Earnings per share, SEK	1.08	-0.03	1.05

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 key figures (performance measures) in accordance with ESMA's definition and other key figures related to the business. The alternative performance measures are regarded as relevant for an investor who wants to understand the company's results and financial position better. Definitions and reconciliation of the alternative performance measures that are not directly reconcilable with the financial statements can be found below. Reconciliation is against the closest comparable IFRS financial measure.

Gross margin

Gross profit as a percentage of total income.

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 and impairment losses.

EBIT (Operating profit)

Operating profit after depreciation and write-downs. INVISIO defines EBIT (earnings before interest and tax) in the same way as operating profit.

Operating expenses

Selling and marketing costs, Administrative expenses and Development costs.

Net financial items

Financial income less Financial expenses.

Equity/assets 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 potential dilutive shares were

converted to shares. 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 to shares. 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 in relation to the number of shares outstanding after dilution.

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 close of period

The number of employees on the date of the last salary payment for the period.

Reconciliation of alternative performance measures

SEK in millions		2019	2018	2019	2018	2018
		Q3	Q3	Jan-Sep	Jan-Sep	Full year
A	Gross profit	62.3	47.0	190.2	152.4	199.7
B	Operating expenses	43.6	35.4	131.1	109.5	136.3
A-B	EBIT (Operating profit/loss)	18.8	11.6	59.0	42.9	63.5
A	EBIT (Operating profit/loss)	18.8	11.6	59.0	42.9	63.5
B	Depreciation, amortization and impairment losses	2.5	1.1	7.5	3.2	4.3
A+B	EBITDA	21.3	12.7	66.6	46.1	67.7

SEK in millions		30/09/2019	30/09/2018	31/12/2018
A	Equity	319.9	276.6	292.0
B	Number of shares, thousands	44,098	44,098	44,098
A/B	Shareholders' equity per share, SEK	7.25	6.27	6.62
A	Equity	319.9	276.6	292.0
B	Number of shares after dilution, thousands	45,121	44,598	44,098
A/B	Shareholders' equity per share after dilution, SEK	7.09	6.20	6.62

Overview - eight past quarters

	2017	2018	2018	2018	2018	2019	2019	2019
SEK in millions	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	118.1	84.2	93.8	80.9	95.6	66.8	137.2	109.2
Cost of goods sold	-47.0	-34.0	-38.5	-33.9	-48.3	-26.2	-50.1	-46.9
Gross profit	71.1	50.1	55.3	47.0	47.4	40.7	87.2	62.3
Operating expenses	-43.8	-31.6	-42.4	-35.4	-26.8	-39.2	-48.4	-43.6
Operating profit/loss	27.3	18.5	12.8	11.6	20.6	1.5	38.8	18.8
Net financial items	-2.4	-0.5	0.6	0.0	0.5	1.1	-1.3	3.2
Profit/loss before tax	24.9	18.0	13.4	11.6	21.1	2.6	37.5	21.9
Income tax	-10.0	-4.2	-3.5	-3.1	-5.1	-1.1	-9.0	-5.7
Profit/loss for the period	15.0	13.8	9.9	8.4	16.0	1.5	28.5	16.2
Cash flow from operating activities	13.7	41.2	11.9	-31.2	-24.9	8.0	52.8	39.0
Gross margin, %	60.2	59.6	58.9	58.1	49.5	60.9	63.5	57.1
Operating margin, %	23.1	22.0	13.7	14.3	21.5	2.2	28.2	17.2
Profit margin %	12.7	16.5	10.6	10.4	16.7	2.3	20.8	14.9
Equity ratio, %	76	82	77	79	82	77	76	77
Earnings per share, SEK*	0.34	0.31	0.23	0.19	0.36	0.03	0.65	0.37
Shareholders' equity per share, SEK*	5.89	6.38	6.14	6.27	6.62	6.74	6.76	7.25

* Before dilution