

Year-end Bulletin 2019

Strong close to a successful year

SEK in millions	2019 Q4	2018 Q4	Δ %	2019 Full year	2018 Full year	Δ %
Revenue	200.5	95.6	110	513.8	354.5	45
Gross profit	123.1	47.4	160	313.3	199.7	57
Gross margin, %	61.4	49.5		61.0	56.4	
EBITDA	76.0	21.6	251	142.6	67.7	110
Operating profit/loss	73.5	20.6	257	132.6	63.5	109
Operating margin, %	36.7	21.5		25.8	17.9	
Profit/loss for the period	55.4	16.0	246	101.6	48.2	111
Earnings per share, SEK	1.26	0.36	246	2.30	1.09	111

“INVISIO closed 2019 with a strong fourth quarter. The framework agreement with a customer within the American Department of Defense worth SEK 290 million is the largest in the company’s history and runs for five years. The orders totaling SEK 55 million from the Belgian army mean that INVISIO gained another defense force as a customer. In the area of Law Enforcement INVISIO entered into a framework agreement with the Swedish Police and received a first order, worth SEK 19 million, as well as receiving its first orders from the Japanese Police. The year’s successes, with new agreements and a growing customer base that can generate continual orders mean that INVISIO holds a strengthened position for the future.”

Lars Højgård Hansen, CEO

IMPORTANT EVENTS DURING THE QUARTER

- A customer within the American Department of Defense renewed a five-year framework agreement worth up to SEK 290 million.
- Framework agreement signed with the Swedish Police and a first order received worth SEK 19 million.
- Belgian army procurement tender won and two orders worth SEK 55 million received.
- Two first orders received from the Japanese Police.
- A new customer within the American Department of Defense placed a first order worth SEK 28 million.
- At year-end, the order book was SEK 145.0 million (56.1).

IMPORTANT EVENTS AFTER THE QUARTER

- On January 3, 2020 INVISIO announced that order intake, sales and operating profit were estimated to substantially exceed market expectations.
- The Board of Directors has proposed a dividend of SEK 0.85 per share (0.70).

Strong close to a successful year

INVISIO is closing a successful year with a strong fourth quarter. On January 3, 2020 INVISIO announced that sales and profit for the year's last quarter substantially exceeded market expectations.

Net sales for the fourth quarter amounted to SEK 200.5 million (95.6) and for the full year to SEK 513.8 million (354.5). Operating profit for the quarter amounted to SEK 73.5 million (20.6) and for the full year SEK 132.6 million (63.5). The operating margin was 36.7 per cent (21.5) and for 2019 as a whole 25.8 per cent (17.9).

The main reasons for the strong performance were a high order intake in the fourth quarter combined with good readiness to deliver. The order intake amounted to SEK 269 million (69) during the quarter and at the close of the year the order book was worth SEK 145.0 million (56.1).

Successes in 2019 contribute to future growth

The sales successes in the fourth quarter are expected to make a significant contribution to the company's growth in coming years. The five-year framework agreement with a customer within the American Department of Defense worth SEK 290 million is the largest in the company's history. The framework agreement holds no guarantees as to volumes, but we expect substantial orders in the future.

The orders totaling SEK 55 million from the Belgian army mean that INVISIO gained one more defense force as a customer. The orders will probably be followed by more.

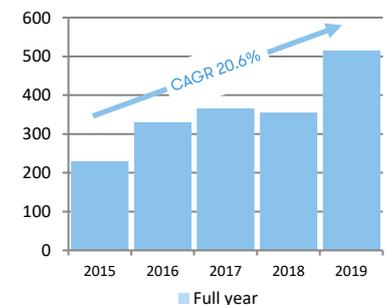
One more significant customer within the American Department of Defense chose INVISIO as its supplier in the fourth quarter. Here too, our expectations are that we will receive more orders than the first, worth SEK 28 million.

A framework agreement and first order from the Swedish Police means a breakthrough in the Law Enforcement market. The orders from the Japanese Police are also important, in that they are our first orders in Japan and because one more police force has chosen INVISIO.

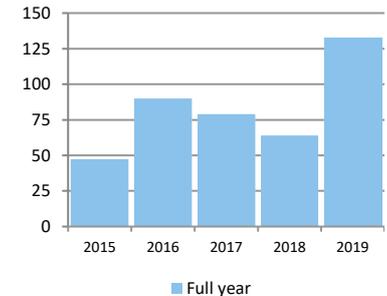
Apart from this, during the year we received several first-time orders, which could lead to more orders in 2020 and beyond. The first order from the American Marine Corps is significant, since the intention is to equip between 7,000 and 65,000 soldiers with modern hearing protection.

We received the year's largest individual order - that amounted to SEK 111 million - from USSOCOM (U.S. Special Operations Command) as part of the CASL program. At the start of the year we experienced another success in the USA when INVISIO was awarded GSA status by the General Services Administration. This is a recognition of our offer and an asset in the continued penetration of the American market.

Sales (SEK m)



EBIT (SEK m)



The Intercom system is receiving great interest

Our new, portable Intercom system is an innovative and unique communication solution developed in close collaboration with key customers. In 2019 we noted valuable feedback and worked on completing the first generation of the system. Sales efforts have gradually intensified, and the solution has generated great interest at several trade exhibitions in the past year.

During the first six months of this year there will be customer tests and as these usually run for a long time, we expect to receive the first small orders from them at the earliest in the second half of 2020. We are convinced that the Intercom system in the long term will develop into a broader product portfolio and make a substantial contribution to the company's continued growth.

The Intercom system was developed in close collaboration with key customers.

Good development 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. The work has been progressing for some time and is focused on the countries already being addressed by the major radio suppliers.

In 2019 we received a number of small initial orders, which in the longer term we believe can lead to larger orders. We see the same pattern here as in our established markets, where orders from military and police special forces paved the way for more business with other parts of the respective organization.

Penetration of new geographical markets is starting to have an effect.

Updated market estimates

The market introduction of the Intercom system and the breakthrough in the Law Enforcement market has led us to update our estimates of the size of the addressable market for INVISIO.

In summary, INVISIO considers that the company's total addressable market, regarding the personal and Intercom system, directed at military and defense forces, as well as the Law Enforcement market, has an annual value of approximately SEK 13 billion.

A detailed market description can be found below in the section "INVISIO in brief".

The total addressable market has an annual value of approximately SEK 13 billion.

Good prospects for continued growth

In the past five years INVISIO's average annual growth has been more than 20 per cent. As has been stressed in all reporting from the company, both order intake and sales can fluctuate substantially between quarters and years, therefore the company's development should be evaluated in a longer time perspective. This also applies in the future.

INVISIO has made good progress in 2019 in accordance with its established strategy and has continued to invest heavily in product development and organizational development, both in R&D and sales. The year's successes, with new agreements and a larger customer base that continually can generate orders mean that INVISIO holds a strengthened position for the future.

Continued focus on product development and sales in 2020.

A growing customer base can generate continual orders.

Lars Højgård Hansen, CEO

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 give operational advantages and increased security for the users, such as military, police and security personnel. Protection against hearing loss helps to reduce individual suffering and costs to society.

Innovative product development

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

The offer – the personal system and the Intercom system

INVISIO's personal communication system consists of a headset and control unit that connect to external units such as a radio, computer, mobile phone, mine detector or INVISIO's Intercom system.

INVISIO's Intercom system was developed for portable use or mounting in vehicles, boats and helicopters. The system can be used together with INVISIO's personal communication system and is intended to simplify and improve efficiency of communication for users, regardless of their mode of transport.

Growing niche market with low penetration

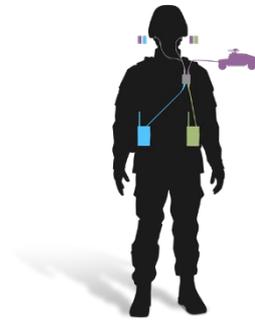
INVISIO mainly addresses customers in the military and defense sectors and Law enforcement sectors in the USA and Europe, as well as selected countries in Asia. The company estimates that the annual value of the total addressable market for personal equipment and the Intercom system amounts to approximately SEK 13 billion.

At present more than 90 per cent of INVISIO's revenues come from European and American defense customers, but the company sees an increasing interest from the Law Enforcement market and new geographical markets. Customer needs in the two professional categories are similar and INVISIO's offer is in principle identical for each category.

Market for the personal system

Military and defense market for the personal system

Industry statistics show that globally there are about 50 million soldiers, of which 20 million are deemed to be active. The largest number of soldiers are in countries in Asia, but the majority of the region's defense forces do not yet invest in advanced communication and hearing protection systems. INVISIO's primary target group consists of technologically mature countries in Europe and the USA with higher awareness of hearing protection issues, whose soldiers have access to advanced radio communication during operations. About two million potential users are serving in these countries' defense forces.



INVISIO's solution reduces 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.

The annual value of INVISIO's total addressable market is approximately SEK 13 billion.

The value of the global market for INVISIO's personal system in the military and defense area 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 addressable market is about SEK 5 billion.

The annual addressable market for the personal system directed at the defense market is worth SEK 5 billion.

There are currently about 200,000 users of INVISIO's personal system, which means an estimated market penetration of about 10 per cent. Consequently, the outlook for continued growth in the addressable market is good.

Law Enforcement market for the personal system

For some years INVISIO has had several customers in police specialist units in the USA and Europe. In the past two years INVISIO has intensified the work of marketing its offer to broader categories within the Law Enforcement.

The annual addressable market for the personal system directed at the Law Enforcement market is worth SEK 1.5 billion.

In the current phase INVISIO is focusing its marketing on the Law Enforcement markets in the USA and Europe and selected countries in Asia, where there are a total of about 2.7 million police officers. Of these, 700,000 – 900,000 are estimated to be INVISIO's primary target group.

The value of the Law Enforcement market for INVISIO's personal system in these markets is estimated to be about SEK 9 billion. The company estimates that its customers carry out procurements at intervals of five to seven years, which means that the annual addressable market for INVISIO's system is worth about SEK 1.5 billion.

Market for the Intercom system

With the Intercom -system INVISIO is broadening its offer with a unique communication solution to use together with the personal equipment in vehicles, boats and helicopters for military or Law Enforcement purposes. The Intercom system can be carried by an individual soldier as a portable solution or be mounted in a vehicle or other means of transport.

The annual addressable market for the portable Intercom system is worth SEK 500 million.

Market for the portable Intercom system

In a first phase INVISIO intends to focus on the portable offer and direct it towards current users of INVISIO's personal system. The company estimates that the addressable market could be 25,000 – 40,000 systems.

The company estimates that its customers will carry out procurements at intervals of five to seven years, which means that the annual addressable market for INVISIO's portable Intercom system is worth about SEK 500 million.

Market for the mounted Intercom system

In a second phase INVISIO intends to address the customers' existing fleets of vehicles, as well as vehicle manufacturers and companies that equip them. The company estimates that there are about 650,000 vehicles relevant to INVISIO's offer. The estimated life of the system is about ten years, which gives an annual addressable market of about SEK 6.5 billion.

The annual addressable market for the mounted Intercom system is worth SEK 6.5 billion.

Competition

INVISIO's personal system has competition from a handful of suppliers. For example there are manufacturers of hearing protection equipment and manufacturers of helmets that offer an integrated communication solution and hearing protection in the form of ear-cups.

INVISIO's system with patented cable technology offers unique system integration and functionality. The offer is further enhanced by the new solution for internal communication in vehicles, boats and helicopters.

The Intercom system's competition is initially limited, as the focus is on offering it to existing customers, many of which have participated in its development.

At a later stage, when INVISIO addresses customers' existing vehicles and vehicle manufacturers, as well as companies that equip them, competition is expected to grow, in that there are competing solutions in existence today. However, they are considerably less flexible and more expensive than INVISIO's system.

INVISIO considers that the company has an advantage in relation to its competitors as regards innovative capacity, well-established relations with its customers and an understanding of their needs.

Sales

Sales are primarily made from the headquarters 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

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 financial objective is to increase sales by an average of 20 per cent per year and have an operating margin of at least 15 per cent. In the last five-year period average sales have grown annually by just over 20 per cent and the average operating margin has been just over 23 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, in the defense forces but also in Law Enforcement services.



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).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.
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Sales and profit

Full year 2019

Sales for 2019 amounted to SEK 513.8 million (354.5), an increase of 45 per cent. After currency adjustment growth was 36 per cent.

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

At the close of the period the order book amounted to SEK 145.0 million (56.1).

Gross profit was SEK 313.3 million (199.7) and the gross margin as 61.0 per cent (56.4).

Operating expenses for the full year were SEK 180.7 million (136.3). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy. Since last year the company has recruited 17 new employees in R&D and Marketing/Sales.

Development costs of SEK 39.6 million (23.4) were capitalized during the year. Development of new product platforms, including the Intercom system, is in the later stages of the development process, and therefore capitalization is considerably higher than the previous year. 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.

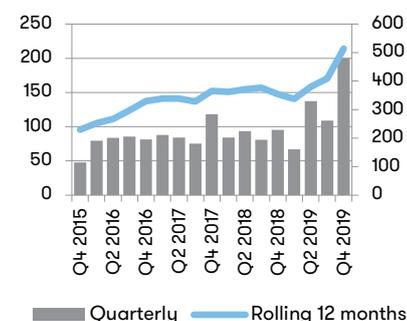
Operating expenses include depreciation of capitalized development costs of SEK 4.0 million (2.5). Depreciation will increase going forward, when the new products are ready for sale and their depreciation can start.

The operating profit and operating margin for 2019 were SEK 132.6 million (63.5) and 25.8 per cent (17.9).

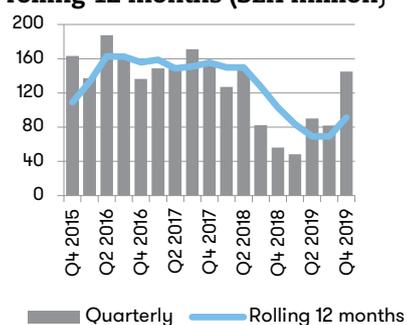
Net financial income was SEK 1.5 million (0.7).

Profit before tax amounted to SEK 134.1 million (64.2) and profit for the period was SEK 101.6 million (48.2). Earnings per share were SEK 2.30 (1.09).

Sales per quarter and rolling 12 months (SEK million)



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



Fourth quarter 2019

Sales in October–December 2019 amounted to SEK 200.5 million (95.6), an increase of 110 per cent compared with the corresponding period in the previous year. In comparable currencies sales increased by 97 per cent.

Gross profit was SEK 123.1 million (47.4) and the gross margin was 61.4 per cent (49.5). 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 49.6 million (26.8). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy.

During the quarter development costs of SEK 8.5 million (9.1) 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 73.5 million (20.6) and 36.7 per cent (21.5).

Net financial income was SEK -1.4 million (0.5).

Profit before tax amounted to SEK 72.1 million (21.1) and profit for the period was SEK 55.4 million (16.0). Earnings per share were SEK 1.26 (0.36).

Cash flow, investments and financial position

Cash flow and investments

The Group's cash flow for 2019 was SEK 83.4 million (-54.6), of which cash flow from operating activities was SEK 158.4 million (-3.0) and cash flow from investing activities was SEK -40.8 million (-25.1). Cash flow from financing activities was SEK -34.2 million (-26.5), of which SEK -30.9 million (-26.5) was dividend paid.

During the year the Group's investments amounted to SEK 40.8 million (25.1), of which SEK 39.6 million (23.4) was capitalized development costs and SEK 0.6 million (1.6) was net investment in property, plant and equipment.

The inventory value amounted to SEK 95.6 million (101.3) at the close of the quarter.

Cash and cash equivalents and financial position

The Group's cash and cash equivalents at the year-end amounted to SEK 145.1 million (62.2). 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 366.0 million (292.0), which gave an equity/assets ratio of 76 per cent (82).

Employees

The number of employees in the Group, restated as full-time equivalents, was 101 (82) at the close of the period. Of the employees, 81 were men (65) and 20 women (17).

Parent company

Net sales for the parent company for 2019 amounted to SEK 0.1 million (0.1). The operating profit was SEK -7.7 million (-7.6). The net profit for the year was -6.8 million (-6.1).

At year-end the parent company's cash and bank balances amounted to SEK 34.1 million (25.6). Equity amounted to SEK 114.6 million (150.8), 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 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.

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 0.85 per share be distributed for 2019 (0.70).

Review

This Year-end Bulletin has not been reviewed by the company's auditors.

Annual General Meeting 2020

INVISIO's 2020 Annual General Meeting will be held in IVA's conference premises at Grev Turegatan 16 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, Sweden. 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

Interim report January – March 2020	May 5, 2020
Annual General Meeting 2020	May 5, 2020, 13.00
Interim report January - June 2020	August 14, 2020
Interim report January-September 2020	October 29, 2020

The annual report for 2019 will be available on the website www.invisio.com in week 15 (April 6-12), 2020.

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

Stockholm, February 13, 2020

Lars Højgård Hansen
President/CEO

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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.

Invitation to conference call

INVISIO invites the media, investors and analysts to a conference call on Friday, February 14, at 09:00, when the President and CEO Lars Højgård Hansen will present INVISIO's Year-end Bulletin.

The conference call will be held in English, starting with a brief presentation of the Bulletin 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: 546 5445

Webcast

To follow the presentation online, use the link below:

<https://edge.media-server.com/mmc/p/xkyrb6rt>



For further information, please contact

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Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2019 Q4	2018 Q4	2019 Full year	2018 Full year
Revenue	2	200.5	95.6	513.8	354.5
Cost of goods sold		-77.4	-48.3	-200.5	-154.7
Gross profit		123.1	47.4	313.3	199.7
Operating expenses*		-49.6	-26.8	-180.7	-136.3
Operating profit/loss		73.5	20.6	132.6	63.5
Net financial items		-1.4	0.5	1.5	0.7
Profit/loss before tax		72.1	21.1	134.1	64.2
Income tax	3	-16.7	-5.1	-32.5	-16.0
Profit/loss for the period		55.4	16.0	101.6	48.2
OTHER COMPREHENSIVE INCOME					
<i>Items that may subsequently be reclassified to profit and loss</i>					
Translation differences		-9.7	-0.7	1.8	9.9
Comprehensive income for the period		45.7	15.3	103.4	58.1
<i>(Profit/loss attributable to equity holders of the parent company.)</i>					
*Depreciation incl. in operating expenses		-2.5	-1.1	-10.0	-4.3

	2019 Q4	2018 Q4	2019 Full year	2018 Full year
Per-share data				
Earnings per share, SEK	1.26	0.36	2.30	1.09
Earnings per share after dilution, SEK	1.25	0.36	2.30	1.09
Shareholders' equity per share, SEK	8.30	6.62	8.30	6.62
Shareholders' equity per share after dilution, SEK	8.11	6.62	8.11	6.62
Equity ratio, %	76	82	76	82
Number of shares, thousand	44,098	44,098	44,098	44,098
Average number of outstanding shares, thousand	44,098	44,098	44,098	44,098
Average number of outstanding shares after dilution, thousand	45,137	44,098	44,943	44,554
Share price at year-end, SEK	101.80	56.90	101.80	56.90

Condensed consolidated statement of financial position

SEK in millions

Assets	Note	31/12/2019	31/12/2018
Capitalized development costs		85.6	49.7
Equipment		3.1	4.4
Right-of-use assets, leases	4	25.3	-
Deposits for rent, long-term		2.3	1.7
Deferred tax assets	3	1.8	15.6
Inventories		95.6	101.3
Trade receivables		111.0	104.6
Other short-term receivables		10.0	16.2
Cash and cash equivalents		145.1	62.2
Total assets		479.7	355.7

Shareholders' equity and liabilities

Shareholders' equity		366.0	292.0
Lease liabilities	4	25.9	-
Deferred tax liabilities	3	6.5	-
Trade payables		29.8	39.6
Other current liabilities		51.5	24.1
Total shareholders' equity and liabilities		479.7	355.7

	2019	2018
Condensed consolidated statement of changes in equity	Full year	Full year
Opening balance	292.0	259.9
Employee stock option program	1.5	0.5
Dividend	-30.9	-26.5
Comprehensive income for the period	103.4	58.1
Closing balance	366.0	292.0

Condensed consolidated statement of cash flow

SEK in millions	2019 Q4	2018 Q4	2019 Full year	2018 Full year
Operating activities				
Profit/loss before tax	72.1	21.1	134.1	64.2
Adjustments for non-cash items	5.4	-0.1	8.7	2.0
Income tax paid	-0.9	-0.1	-2.8	-4.8
Cash flow from operating activities before changes in working capital	76.7	20.9	140.0	61.4
Changes in inventories	5.7	-11.0	7.5	-63.3
Changes in operating receivables	-32.4	-23.1	2.3	19.7
Changes in operating liabilities	8.6	-11.6	8.6	-20.8
<i>Cash flow from changes in working capital</i>	<i>-18.1</i>	<i>-45.7</i>	<i>18.4</i>	<i>-64.3</i>
Cash flow from operating activities	58.6	-24.9	158.4	-3.0
Investing activities				
Capitalization of development costs	-8.5	-9.1	-39.6	-23.4
Acquisition of property, plant, and equipment	-0.1	-1.0	-0.6	-1.6
Acquisition of financial assets	-0.4	0.0	-0.5	-0.1
Cash flow from investing activities	-8.9	-10.1	-40.8	-25.1
Financing activities				
Changes in lease liabilities	-1.8	-	-3.4	-
Dividend paid	-	-	-30.9	-26.5
Cash flow from financing activities	-1.8	-	-34.2	-26.5
CASH FLOW FOR THE PERIOD	47.9	-34.9	83.4	-54.6
Cash and cash equivalents at start of period	101.4	97.1	62.2	113.2
Translation differences in cash and cash equivalents	-4.1	0.0	-0.5	3.6
Cash and cash equivalents at end of period	145.1	62.2	145.1	62.2

Condensed parent company income statement

SEK in millions	2019 Q4	2018 Q4	2019 Full year	2018 Full year
Revenue	0.0	0.0	0.1	0.1
Operating expenses	-2.1	-1.5	-7.7	-7.6
Operating profit/loss	-2.1	-1.5	-7.7	-7.6
Net financial items**	-0.8	0.0	0.8	1.4
Profit/loss before tax	-3.0	-1.5	-6.8	-6.1
Income tax	-	-	-	-
Profit/loss for the period	-3.0	-1.5	-6.8	-6.1
**Of which, dividend from subsidiaries	-	-	-	-

Condensed parent company balance sheet

SEK in millions

Assets	31/12/2019	31/12/2018
Participations in Group companies	85.4	83.9
Receivables from Group companies	-	45.0
Other current receivables	0.3	0.7
Cash and bank balances	34.1	25.6
Total assets	119.8	155.2
Shareholders' equity and liabilities		
Restricted shareholders' equity	65.7	65.7
Non-restricted shareholders' equity	48.9	85.1
Trade payables	0.3	0.3
Liabilities to Group companies	3.4	2.8
Other current liabilities	1.5	1.4
Total shareholders' equity and liabilities	119.8	155.2
Parent company changes in shareholders' equity	2019 Full year	2018 Full year
Opening balance	150.8	182.9
Employee stock option program	1.5	0.5
Dividend	-30.9	-26.5
Profit/loss for the period**	-6.8	-6.1
Closing balance	114.6	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
SEK in millions	Q4	Q4	Full year	Full year
Sweden	24.3	1.5	32.3	6.7
Europe	68.1	68.9	108.9	174.5
North America	106.2	23.7	357.9	164.5
Rest of the world	2.0	1.5	14.6	8.8
Total	200.5	95.6	513.8	354.5

Note 3. Taxes

SEK in millions	31/12/2019	31/12/2018
Deferred tax assets		
Receivables attributable to tax loss carry-forwards in Denmark	-	25.4
Liabilities attributable to capitalized development costs in Denmark	-	-10.9
Receivables attributable to other temporary differences	1.8	1.2
Closing balance	1.8	15.6
Deferred tax liabilities		
Receivables attributable to tax loss carry-forwards in Denmark	11.9	-
Liabilities attributable to capitalized development costs in Denmark	-18.8	-
Receivables attributable to other temporary differences in Denmark	0.4	-
Closing balance	-6.5	-

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 December 31, 2019 were SEK 169.5 million, of which SEK 54.3 million are capitalized. The remaining unutilized loss carry-forwards amounted to SEK 115.2 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.

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

When establishing the lease liabilities 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 liabilities 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**

<i>SEK in millions</i>	01/01/2019	Change	31/12/2019
Assets			
Right-of-use assets, leases	29.2	-4.0	25.3
Total change	29.2	-4.0	25.3
Shareholders' equity and liabilities			
Shareholders' equity	-	-0.6	-0.6
Lease liabilities	29.2	-3.4	25.9
Total change	29.2	-4.0	25.3

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

<i>SEK in millions</i>	2019 Jan-Dec excl. IFRS 16	Restatem. to IFRS 16	2019 Jan-Dec
Gross profit	313.3	-	313.3
Operating expenses, excl. depreciation	-175.3	4.6	-170.7
Depreciation	-5.8	-4.2	-10.0
Operating profit	132.2	0.4	132.6
Net financial items	2.5	-1.0	1.5
Profit before tax	134.7	-0.6	134.1

Effects on cash flow for the period Jan-Dec 2019

<i>SEK in millions</i>	2019 Jan-Dec excl. IFRS 16	Restatem. to IFRS 16	2019 Jan-Dec
Operating activities			
Profit/loss before tax	134.7	-0.6	134.1
<i>Adjustments for non-cash items:</i>			
- Depreciation	5.8	4.2	10.0
- Other items	-4.1	-	-4.1
Cash flow from changes in working capital	18.4	-	18.4
Cash flow from operating activities	154.7	3.6	158.4
Acquisition of property, plant, and equipment	-0.4	-0.3	-0.6
Other items among financing activities	-40.1	-	-40.1
Cash flow from investing activities	-40.5	-0.3	-40.8
Financing activities			
Changes in lease liabilities	-	-3.4	-3.4
Dividend paid	-30.9	-	-30.9
Cash flow from financing activities	-30.9	-3.4	-34.2
CASH FLOW FOR THE PERIOD	83.4	-	83.4

Effects on selected key figures Jan-Dec 2019

<i>SEK in millions</i>	2019 Jan-Dec excl. IFRS 16	Restatem. to IFRS 16	2019 Jan-Dec
EBITDA	138.0	4.6	142.6
Operating profit/loss	132.2	0.4	132.6
Operating margin, %	25.7	0.1	25.8
Profit/loss for the period	102.2	-0.6	101.6
Earnings per share for the period, SEK	2.32	-0.02	2.30

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 impairment losses. 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
		Q4	Q4	Full year	Full year
A	Gross profit	123.1	47.4	313.3	199.7
B	Operating expenses	49.6	26.8	180.7	136.3
A-B	EBIT (Operating profit/loss)	73.5	20.6	132.6	63.5
A	EBIT (Operating profit/loss)	73.5	20.6	132.6	63.5
B	Depreciation, amortization and impairment losses	2.5	1.1	10.0	4.3
A+B	EBITDA	76.0	21.6	142.6	67.7

SEK in millions		31/12/2019	31/12/2018
A	Shareholders' equity	366.0	292.0
B	Number of shares, thousands	44,098	44,098
A/B	Shareholders' equity per share, SEK	8.30	6.62
A	Shareholders' equity	366.0	292.0
B	Number of shares after dilution, thousands	45,137	44,098
A/B	Shareholders' equity per share after dilution, SEK	8.11	6.62

Overview - eight past quarters

	2018	2018	2018	2018	2019	2019	2019	2019
SEK in millions	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	84.2	93.8	80.9	95.6	66.8	137.2	109.2	200.5
Cost of goods sold	-34.0	-38.5	-33.9	-48.3	-26.2	-50.1	-46.9	-77.4
Gross profit	50.1	55.3	47.0	47.4	40.7	87.2	62.3	123.1
Operating expenses	-31.6	-42.4	-35.4	-26.8	-39.2	-48.4	-43.6	-49.6
Operating profit/loss	18.5	12.8	11.6	20.6	1.5	38.8	18.8	73.5
Net financial items	-0.5	0.6	0.0	0.5	1.1	-1.3	3.2	-1.4
Profit/loss before tax	18.0	13.4	11.6	21.1	2.6	37.5	21.9	72.1
Income tax	-4.2	-3.5	-3.1	-5.1	-1.1	-9.0	-5.7	-16.7
Profit/loss for the period	13.8	9.9	8.4	16.0	1.5	28.5	16.2	55.4
Cash flow from operating activities	41.2	11.9	-31.2	-24.9	8.0	52.8	39.0	58.6
Gross margin, %	59.6	58.9	58.1	49.5	60.9	63.5	57.1	61.4
Operating margin, %	22.0	13.7	14.3	21.5	2.2	28.2	17.2	36.7
Profit margin %	16.5	10.6	10.4	16.7	2.3	20.8	14.9	27.6
Equity ratio, %	82	77	79	82	77	76	77	76
Earnings per share, SEK*	0.31	0.23	0.19	0.36	0.03	0.65	0.37	1.26
Shareholders' equity per share, SEK*	6.38	6.14	6.27	6.62	6.74	6.76	7.25	8.30

* Before dilution