

# Good growth and first delivery of the Intercom system

SEK in millions	2020 Jan-Mar	2019 Jan-Mar	Δ %	2019 Full year
Revenue	116.8	66.8	75	513.8
Gross profit	67.2	40.7	65	313.3
Gross margin, %	57.5	60.9		61.0
EBITDA	16.8	3.9	326	142.6
Operating profit/loss	14.4	1.5	861	132.6
Operating margin, %	12.3	2.2		25.8
Profit/loss for the period	9.4	1.5	527	101.6
Earnings per share, SEK	0.21	0.03	527	2.30

“INVISIO started 2020 with good growth and satisfactory order intake and received a further order from the Security Force Assistance Brigades (SFAB) in the U.S. army. INVISIO also made a first delivery of the Intercom system and received another small order for the solution. Despite COVID-19, all essential functions and activities within the company are continuing as usual. Deferred order intake, deliveries of components and finished products cannot be ruled out if measures taken to limit the epidemic are prolonged. But INVISIO’s financial position is sound.”

Lars Højgård Hansen, CEO

## IMPORTANT EVENTS DURING THE QUARTER

- INVISIO received a further order from the Security Force Assistance Brigades (SFAB), a specialist unit in the U.S. army. The order is worth about SEK 36 million.
- INVISIO made a first delivery of the Intercom system and received another small order for the solution in the first quarter.
- The Board of Directors proposes a dividend of SEK 0.85 per share (0.70).
- The order book at the close of the quarter was SEK 124.9 million (48.3).

## Good growth and first delivery of the Intercom system

INVISIO started 2020 with good growth and satisfactory order intake. Sales in the quarter were SEK 116.8 million (66.8), which makes the period the strongest first quarter historically. The first quarter of 2019 was, however, weak in terms of sales.

The order intake amounted to SEK 90.3 million (59.0) during the first quarter and at the close of the quarter the order book was worth SEK 124.9 million (48.3).

The gross margin for the first quarter was 57.5 per cent (60.9) and was negatively impacted by a specific delivery at a lower margin through a partner. For other deliveries the average margin was more than 60 per cent.

Operating profit for the quarter was SEK 14.4 million (1.5) and the operating margin was 12.3 per cent (2.2).

### Limited effects of the coronavirus at present

INVISIO is monitoring the course of COVID-19 carefully, as well as complying with rules and recommendations issued by the authorities in each country where INVISIO operates.

All essential functions and activities within the company are continuing largely as usual. INVISIO is in close contact with the company's customers both in the USA and Europe and is not experiencing any material negative effects at present. The company's assessment is that the impact on operations, in a shorter perspective, is limited to cancelled and postponed trade exhibitions and minor delays in global delivery chains. Production at INVISIO's contract manufacturers, which are primarily based in Europe, is continuing according to plan. Deferred order intake, deliveries of components and finished products cannot be ruled out if measures taken to limit the epidemic are prolonged. INVISIO holds a stable security inventory for both components and finished products.

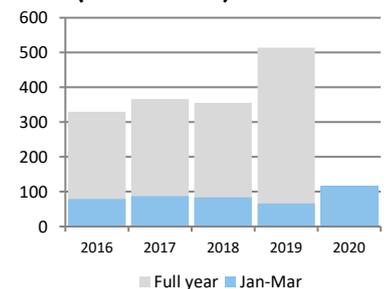
### INVISIO has a sound financial position

Through good profitability INVISIO has built up a strong financial position. The company has no loans and considerable cash resources that allow continued implementation of the internal growth plan even under current circumstances.

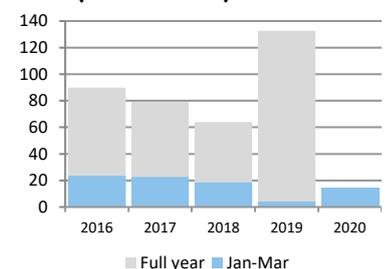
### New order from the Security Force Assistance Brigades in the USA

Confidence in INVISIO's communication system is strong, as shown in the first quarter when the company received another order from the Security Force Assistance Brigades (SFAB) in U.S army are very proud that units operating in the most mission critical environments are recurring customers of INVISIO. The order, worth SEK 36 million, constitutes yet another significant reference in the ongoing global modernization of communication equipment in the company's target groups.

Sales (SEK million)



EBIT (SEK million)



**A first delivery and another Intercom order**

In the first quarter a first delivery of the Intercom system was made to a defense force in Europe. The customer, that has been using the personal system for several years, is one of the key customers that participated in developing the Intercom system.

**A first delivery and another order for the Intercom system**

Sales efforts have gradually intensified, and the solution generated great interest at several trade exhibitions in the past year. In the first quarter of this year INVISIO received a small order from a specialist unit in Europe, which is also already using the personal system.

The completed delivery and the new order are significant for INVISIO, in that they constitute important references in future marketing. In the first half of 2020 the objective is to achieve more customer tests, but since these as a rule take a long time, we do not expect to receive further orders until the late part 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.

**INVISIO is developing in line with the strategy**

INVISIO is developing in line with its established strategy and in 2020 will continue to invest in product development and organizational development, both in R&D and sales. The successes in 2019, with several new contracts and a larger customer base that continually generates orders, give us a good foundation for continued sound growth.

**Continued investment in product and organizational development**

*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 effectivize communication for users, regardless of their mode of transport.

## Growing niche market

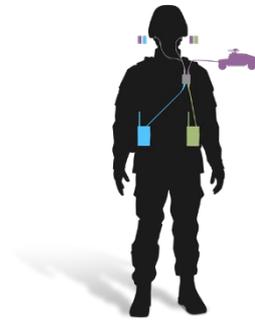
INVISIO mainly addresses customers in the military and defense sectors and law enforcement and security sectors in the USA and Europe, as well as selected countries in Asia. The company estimates that the annual value of the total addressable market for personal equipment and the Intercom system amounts to about 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 and security 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 personal system 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 about 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 worth about SEK 5 billion.

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

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.

### **The law enforcement and security 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 police authorities.

In the current phase INVISIO is focusing its marketing on the law enforcement and security 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 annual addressable market for the personal system directed at the law enforcement and security market is worth SEK 1.5 billion.**

The value of the law enforcement and security 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 police 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.

### **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 the personal system. The company estimates that the addressable market could be 25,000 – 40,000 systems.

**The annual addressable market for the portable Intercom system is worth SEK 0.5 billion.**

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 0.5 billion.

### **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 competes with a handful of suppliers. There are for example manufacturers of hearing protection equipment and manufacturers of helmets that offer an integrated communication solution and hearing protection in the form of 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 considerably 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. Both order intake and sales can fluctuate substantially between quarters and the company's development should therefore be evaluated in a longer time perspective than an individual quarter or year.

## Financial targets and strategies

The company's financial target 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 by increasing sales in the framework of contracts already signed, in addition to winning new procurements.
- Broaden the product portfolio through innovative and customer-oriented development.
- Address new user groups with similar needs for communication in mission-critical environments while protecting their hearing.
- Geographical expansion to emerging markets with long-term potential, including Asia and parts of the Middle East and South America.
- Sustainable and cost-effective operations with both an internal focus and a focus on external manufacture of the products.



**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.**



**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).<sup>1</sup>**

<sup>1</sup> The 2018 Annual Benefits Report, US Department of Veteran Affairs, Veteran Benefits Administration.

## Sales and profit

### First quarter 2020

Sales in the period January – March 2020 were SEK 116.8 million (66.8), an increase of 75 per cent in comparison with the same period in the previous year. In comparable currencies sales increased by 73 per cent.

Gross profit was SEK 67.2 million (40.7) and the gross margin was 57.5 per cent (60.9). The gross margin was negatively impacted by a specific delivery at a lower margin through a partner. For other deliveries, the average margin was more than 60 per cent. 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 52.8 million (39.2). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy.

During the quarter development costs of SEK 6.0 million (13.5) were capitalized. Operating expenses include depreciation of capitalized development costs of SEK 1.0 million (0.9).

Operating profit and operating margin for the quarter were SEK 14.4 million (1.5) and 12.3 per cent (2.2).

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

Profit before tax amounted to SEK 13.9 million (2.6) and profit for the period was SEK 9.4 million (1.5). Earnings per share were SEK 0.21 (0.03).

## Cash flow, investments and financial position

### Cash flow and investments

The Group's cash flow for the period January - March 2020 was SEK 46.2 million (-6.5), of which cash flow from operating activities was SEK 51.9 million (8.0) and cash flow from investing activities was SEK -6.3 million (-13.9). Cash flow from financing activities was SEK 0.6 million (-0.6).

During the period the Group's investments amounted to SEK 6.3 million (13.9), of which SEK 6.0 million (13.5) was capitalized development costs and SEK 0.3 million (0.3) was net investment in property, plant and equipment.

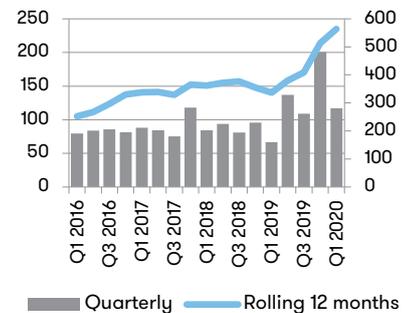
The inventory value amounted to SEK 117.2 million (115.9) at the close of the quarter.

### Cash and cash equivalents and financial position

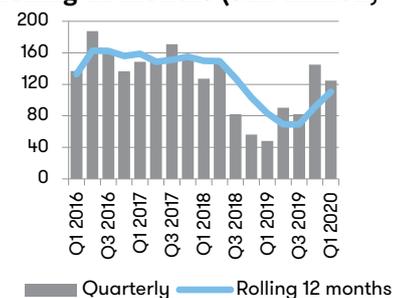
The Group's cash and cash equivalents at the close of the quarter amounted to SEK 202.0 million (56.5). INVISIO has sound financial strength and the Group had no loans at the close of the period.

Group equity at the close of the period amounted to SEK 398.1 million (297.1), which gave an equity/assets ratio of 76 per cent (77).

### Sales per quarter and rolling 12 months (SEK million)



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



## Parent company

Net sales for the parent company during the period January – March 2020 amounted to SEK 0.0 million (0.0). The operating profit was SEK -2.0 million (-1.8). Profit for the period amounted to SEK -2.0 million (-1.2).

At the close of the quarter the parent company's cash and bank balances amounted to SEK 32.0 million (24.1). Equity amounted to SEK 113.1 million (149.9), which gave an equity/assets ratio of 95 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 105 (86) at the close of the period. Of the employees, 84 were men (68) and 21 women (18).

## 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 INVISIO's annual report for 2019.

### 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 2020	August 14, 2020
Interim report January-September 2020	October 29, 2020
Year-end Bulletin 2020	February 15, 2021

Interim reports and annual reports are available at [www.invisio.com](http://www.invisio.com)

Stockholm, May 5, 2020

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 5, 2020, at 11.00 CET.

**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 Wednesday, May 6, at 10:00, when the President and CEO Lars Højgård Hansen will present INVISIO's interim report for the period January - March 2020.

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.

Standard international: +44 (0) 207 192 83 38

Sweden: +46(0) 856 618 467

Denmark: +4532 720 417

United Kingdom: +44(0) 844 481 97 52

Germany: +49(0) 692 222 26 25

France: +33(0) 170 700 781

Switzerland: +41(0) 445 807 145

Conference-ID: 389 44 07

## Webcast

To follow the presentation online, use the link below:

<https://edge.media-server.com/mmc/p/zc3t8j8e>



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## Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2020 Jan-Mar	2019 Jan-Mar	2019 Full year
Revenue	2	116.8	66.8	513.8
Cost of goods sold		-49.6	-26.2	-200.5
<b>Gross profit</b>		<b>67.2</b>	<b>40.7</b>	<b>313.3</b>
Operating expenses*		-52.8	-39.2	-180.7
<b>Operating profit/loss</b>		<b>14.4</b>	<b>1.5</b>	<b>132.6</b>
Net financial items		-0.5	1.1	1.5
<b>Profit/loss before tax</b>		<b>13.9</b>	<b>2.6</b>	<b>134.1</b>
Income tax	3	-4.5	-1.1	-32.5
<b>Profit/loss for the period</b>		<b>9.4</b>	<b>1.5</b>	<b>101.6</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that may subsequently be reclassified to profit and loss</i>				
Translation differences		22.1	3.4	1.8
<b>Comprehensive income for the period</b>		<b>31.6</b>	<b>4.9</b>	<b>103.4</b>
<i>(Profit/loss attributable to equity holders of the parent company.)</i>				
*Depreciation incl. in operating expenses		-2.4	-2.4	-10.0

	2020 Jan-Mar	2019 Jan-Mar	2019 Full year
<b>Per-share data</b>			
Earnings per share, SEK	0.21	0.03	2.30
Earnings per share after dilution, SEK	0.21	0.03	2.30
Shareholders' equity per share, SEK	9.03	6.74	8.30
Shareholders' equity per share after dilution, SEK	8.82	6.67	8.11
Equity ratio, %	76	77	76
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	45,137	44,554	44,943
Share price at end of period, SEK	105.40	65.40	101.80

# Condensed consolidated statement of financial position

SEK in millions

<b>Assets</b>	<b>Note</b>	<b>31/03/2020</b>	<b>31/03/2019</b>	<b>31/12/2019</b>
Capitalized development costs		96.2	63.0	85.6
Equipment		3.0	4.2	3.1
Right-of-use assets, leases	4	24.4	28.2	25.3
Deposits for rent, long-term		2.4	1.9	2.3
Deferred tax assets	3	1.7	15.1	1.8
Inventories		117.2	115.9	95.6
Trade receivables		63.3	90.1	111.0
Other short-term receivables		12.5	9.9	10.0
Cash and cash equivalents		202.0	56.5	145.1
<b>Total assets</b>		<b>522.6</b>	<b>384.8</b>	<b>479.7</b>

## Shareholders' equity and liabilities

Shareholders' equity		398.1	297.1	366.0
Lease liabilities	4	26.5	28.7	25.9
Deferred tax liabilities	3	10.0	-	6.5
Trade payables		39.1	32.3	29.8
Other current liabilities		48.9	26.7	51.5
<b>Total shareholders' equity and liabilities</b>		<b>522.6</b>	<b>384.8</b>	<b>479.7</b>

	<b>2020</b>	<b>2019</b>	<b>2019</b>
<b>Condensed consolidated statement of changes in equity</b>	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Full year</b>
Opening balance	366.0	292.0	292.0
Employee stock option program	0.5	0.2	1.5
Dividend	-	-	-30.9
Comprehensive income for the period	31.6	4.9	103.4
<b>Closing balance</b>	<b>398.1</b>	<b>297.1</b>	<b>366.0</b>

## Condensed consolidated statement of cash flow

<i>SEK in millions</i>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Full year</b>
<b>Operating activities</b>			
Profit/loss before tax	13.9	2.6	134.1
Adjustments for non-cash items	1.5	2.0	8.7
Income tax paid	-0.6	-0.7	-2.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>14.9</b>	<b>3.8</b>	<b>140.0</b>
Changes in inventories	-14.3	-13.0	7.5
Changes in operating receivables	50.9	23.8	2.3
Changes in operating liabilities	0.5	-6.7	8.6
<i>Cash flow from changes in working capital</i>	37.0	4.1	18.4
<b>Cash flow from operating activities</b>	<b>51.9</b>	<b>8.0</b>	<b>158.4</b>
<b>Investing activities</b>			
Capitalization of development costs	-6.0	-13.5	-39.6
Acquisition of property, plant, and equipment	-0.3	-0.3	-0.6
Acquisition of financial assets	0.0	-0.1	-0.5
<b>Cash flow from investing activities</b>	<b>-6.3</b>	<b>-13.9</b>	<b>-40.8</b>
<b>Financing activities</b>			
Changes in lease liabilities	0.6	-0.6	-3.4
Dividend paid	-	-	-30.9
<b>Cash flow from financing activities</b>	<b>0.6</b>	<b>-0.6</b>	<b>-34.2</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>46.2</b>	<b>-6.5</b>	<b>83.4</b>
Cash and cash equivalents at start of period	145.1	62.2	62.2
Translation differences in cash and cash equivalents	10.6	0.7	-0.5
Cash and cash equivalents at end of period	202.0	56.5	145.1

## Condensed parent company income statement

SEK in millions	2020	2019	2019
	Jan-Mar	Jan-Mar	Full year
Revenue	0.0	0.0	0.1
Operating expenses	-2.0	-1.8	-7.7
<b>Operating profit/loss</b>	<b>-2.0</b>	<b>-1.8</b>	<b>-7.7</b>
Net financial items**	0.0	0.7	0.8
<b>Profit/loss before tax</b>	<b>-2.0</b>	<b>-1.2</b>	<b>-6.8</b>
Income tax	-	-	-
<b>Profit/loss for the period</b>	<b>-2.0</b>	<b>-1.2</b>	<b>-6.8</b>
**Of which, dividend from subsidiaries	-	-	-

## Condensed parent company balance sheet

SEK in millions

Assets	31/03/2020	31/03/2019	31/12/2019
Participations in Group companies	85.9	84.1	85.4
Receivables from Group companies	-	45.6	-
Other current receivables	0.6	0.8	0.3
Cash and bank balances	32.0	24.1	34.1
<b>Total assets</b>	<b>118.5</b>	<b>154.6</b>	<b>119.8</b>
<b>Shareholders' equity and liabilities</b>			
Restricted shareholders' equity	65.7	65.7	65.7
Non-restricted shareholders' equity	47.4	84.2	48.9
Trade payables	0.2	0.2	0.3
Liabilities to Group companies	3.4	2.8	3.4
Other current liabilities	1.9	1.8	1.5
<b>Total shareholders' equity and liabilities</b>	<b>118.5</b>	<b>154.6</b>	<b>119.8</b>

Parent company changes in shareholders' equity	2020	2019	2019
	Jan-Mar	Jan-Mar	Full year
Opening balance	114.6	150.8	150.8
Employee stock option program	0.5	0.2	1.5
Dividend	-	-	-30.9
Profit/loss for the period**	-2.0	-1.2	-6.8
<b>Closing balance</b>	<b>113.1</b>	<b>149.9</b>	<b>114.6</b>
**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 2019.

### New standards

No new standards or amendments to interpretations and existing standards which are effective for the financial year beginning on or after January 1, 2020 are expected to have any significant impact on the Group's financial statements.

## Note 2. Revenue by geographical area

	2020	2019	2019
SEK in millions	Jan-Mar	Jan-Mar	Full year
Sweden	1.7	4.8	32.3
Europe	46.6	14.1	108.9
North America	59.2	43.0	357.9
Rest of the world	9.3	4.8	14.6
<b>Total</b>	<b>116.8</b>	<b>66.8</b>	<b>513.8</b>

## Note 3. Taxes

SEK in millions

Deferred tax assets	31/03/2020	31/03/2019
Receivables attributable to tax loss carry-forwards in Denmark	-	28.1
Liabilities attributable to capitalized development costs in Denmark	-	-13.9
Receivables attributable to other temporary differences	1.7	0.9
<b>Closing balance</b>	<b>1.7</b>	<b>15.1</b>

Deferred tax liabilities	31/03/2020	31/03/2019
Receivables attributable to tax loss carry-forwards in Denmark	10.8	-
Liabilities attributable to capitalized development costs in Denmark	-21.2	-
Receivables attributable to other temporary differences in Denmark	0.3	-
<b>Closing balance</b>	<b>-10.0</b>	<b>-</b>

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 company 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 2020. The Group's total loss carry-forwards as at March 31, 2020 were SEK 166.3 million, of which SEK 49.1 million are capitalized. The remaining unutilized loss carry-forwards amounted to SEK 117.3 million and refer to other companies and cannot be capitalized at present. All loss carry-forwards have an unlimited life.

## Note 4. Leases

The Group applies IFRS 16 Leases, which means that assets and liabilities referring to leases are recognized on the balance sheet. The majority of the Group's leases consist of lease contracts for premises. The Group has decided to exclude short-term leases (lease period less than 12 months and low-value leases (up to USD 5,000), which were expensed directly during the year. On this and the next page a presentation is given of the effect IFRS 16 on the consolidated income statement, cash flow and selected key figures.

### Effects on profit/loss for the period Jan-Mar 2020

	2020	2020	2019	2019
SEK in millions	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
<b>Gross profit</b>	<b>67.2</b>	<b>67.2</b>	<b>40.7</b>	<b>40.7</b>
Operating expenses, excl. depreciation	-51.6	-50.4	-37.9	-36.7
Depreciation	-1.4	-2.4	-1.4	-2.4
<b>Operating profit</b>	<b>14.2</b>	<b>14.4</b>	<b>1.4</b>	<b>1.5</b>
Net financial items	1.3	-0.5	1.6	1.1
<b>Profit before tax</b>	<b>15.5</b>	<b>13.9</b>	<b>3.0</b>	<b>2.6</b>

## Note 4. Leases, cont.

## Effects on cash flow for the period Jan-Mar 2020

	2020	2020	2019	2019
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
SEK in millions	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
<b>Operating activities</b>				
Profit/loss before tax	15.5	13.9	3.0	2.6
Adjustments for non-cash items:				
- Depreciation	1.4	2.4	1.4	2.4
- Other items	-1.5	-1.5	-0.5	-0.5
Cash flow from changes in working capital	37.0	37.0	3.4	3.4
<b>Cash flow from operating activities</b>	<b>52.4</b>	<b>51.9</b>	<b>7.4</b>	<b>8.0</b>
<b>Investing activities</b>				
Acquisition of property, plant, and equipment	-0.2	-0.3	-0.3	-0.3
Other items among financing activities	-6.0	-6.0	-13.6	-13.6
<b>Cash flow from investing activities</b>	<b>-6.2</b>	<b>-6.3</b>	<b>-13.9</b>	<b>-13.9</b>
<b>Financing activities</b>				
Change in lease liabilities	-	0.6	-	-0.6
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.6</b>	<b>0.0</b>	<b>-0.6</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>46.2</b>	<b>46.2</b>	<b>-6.5</b>	<b>-6.5</b>

## Effects on selected key figures Jan-Mar 2020

	2020	2020	2019	2019
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
SEK in millions	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
EBITDA	15.6	16.8	2.8	3.9
Operating profit/loss	14.2	14.4	1.4	1.5
Operating margin, %	12.2	12.3	2.1	2.2
Profit/loss for the period	11.0	9.4	2.0	1.5
Earnings per share for the period, SEK	0.25	0.21	0.05	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 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		2020 Jan-Mar	2019 Jan-Mar
Gross profit	A	67.2	40.7
Operating expenses	B	52.8	39.2
<b>EBIT (Operating profit/loss)</b>	<b>A-B</b>	<b>14.4</b>	<b>1.5</b>
EBIT (Operating profit/loss)	A	14.4	1.5
Depreciation, amortization and impairment losses	B	2.4	2.4
<b>EBITDA</b>	<b>A+B</b>	<b>16.8</b>	<b>3.9</b>

SEK in millions		31/03/2020	31/03/2019
Equity	A	398.1	297.1
Number of shares, thousands	B	44,098	44,098
<b>Shareholders' equity per share, SEK</b>	<b>A/B</b>	<b>9.03</b>	<b>6.74</b>
Equity	A	398.1	297.1
Number of shares after dilution, thousands	B	45,137	44,554
<b>Shareholders' equity per share after dilution, SEK</b>	<b>A/B</b>	<b>8.82</b>	<b>6.67</b>

## Overview - eight past quarters

	2018	2018	2018	2019	2019	2019	2019	2020
SEK in millions	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	93.8	80.9	95.6	66.8	137.2	109.2	200.5	116.8
Cost of goods sold	-38.5	-33.9	-48.3	-26.2	-50.1	-46.9	-77.4	-49.6
<b>Gross profit</b>	<b>55.3</b>	<b>47.0</b>	<b>47.4</b>	<b>40.7</b>	<b>87.2</b>	<b>62.3</b>	<b>123.1</b>	<b>67.2</b>
Operating expenses	-42.4	-35.4	-26.8	-39.2	-48.4	-43.6	-49.6	-52.8
<b>Operating profit/loss</b>	<b>12.8</b>	<b>11.6</b>	<b>20.6</b>	<b>1.5</b>	<b>38.8</b>	<b>18.8</b>	<b>73.5</b>	<b>14.4</b>
Net financial items	0.6	0.0	0.5	1.1	-1.3	3.2	-1.4	-0.5
<b>Profit/loss before tax</b>	<b>13.4</b>	<b>11.6</b>	<b>21.1</b>	<b>2.6</b>	<b>37.5</b>	<b>21.9</b>	<b>72.1</b>	<b>13.9</b>
Income tax	-3.5	-3.1	-5.1	-1.1	-9.0	-5.7	-16.7	-4.5
<b>Profit/loss for the period</b>	<b>9.9</b>	<b>8.4</b>	<b>16.0</b>	<b>1.5</b>	<b>28.5</b>	<b>16.2</b>	<b>55.4</b>	<b>9.4</b>
Cash flow from operating activities	11.9	-31.2	-24.9	8.0	52.8	39.0	58.6	51.9
Gross margin, %	58.9	58.1	49.5	60.9	63.5	57.1	61.4	57.5
Operating margin, %	13.7	14.3	21.5	2.2	28.2	17.2	36.7	12.3
Profit margin %	10.6	10.4	16.7	2.3	20.8	14.9	27.6	8.1
Equity ratio, %	77	79	82	77	76	77	76	76
Earnings per share, SEK*	0.23	0.19	0.36	0.03	0.65	0.37	1.26	0.21
Shareholders' equity per share, SEK*	6.14	6.27	6.62	6.74	6.76	7.25	8.30	9.03

\* Before dilution