

Intensified focus on the law enforcement and security market

SEK in millions	2020	2019	Δ %	2020	2019	Δ %	2019
	Q2	Q2		Jan-Jun	Jan-Jun		Full year
Revenue	123.6	137.2	-10	240.4	204.1	18	513.8
Gross profit	79.9	87.2	-8	147.1	127.9	15	313.3
Gross margin, %	64.6	63.5		61.2	62.7		61.0
EBITDA	26.8	41.4	-35	43.6	45.3	-4	142.6
Operating profit/loss	24.4	38.8	-37	38.8	40.3	-3	132.6
Operating margin, %	19.8	28.2		16.2	19.7		25.8
Profit/loss for the period	18.1	28.5	-37	27.5	30.0	-8	101.6
Earnings per share, SEK	0.41	0.65	-37	0.62	0.68	-8	2.30

“In the second quarter of 2020 INVISIO developed well and in accordance with the adopted strategy, which means continued focus on product and organizational development in R&D, sales and marketing. The focus includes intensified penetration of the law enforcement and security market. During the quarter, the company also won several smaller orders for the Intercom system and received initial orders for the personal system in new markets in Asia. The impact on operations of Covid-19 is limited to cancelled or postponed trade exhibitions and some delay in global supply chains and administrative processes among customers.”

Lars Højgård Hansen, CEO

IMPORTANT EVENTS DURING THE QUARTER

- INVISIO is intensifying its penetration of the law enforcement and security market.
- The company has won several smaller orders for the Intercom system.
- INVISIO has received initial orders from new markets in Asia, which may lead to larger orders in the long term.
- The company is experiencing limited effects of Covid-19.
- The order book at the close of the quarter was SEK 99.9 million (90.1).

Intensified focus on the law enforcement and security market

In the second quarter of 2020 INVISIO developed well and in accordance with the adopted strategy, which means continued focus on product and organizational development in R&D, sales and marketing. The focus includes intensified penetration of the law enforcement and security market.

During the quarter, several smaller orders for the Intercom system were received and in new markets in Asia, the company won initial orders for the personal system.

Revenue in the first half year amounted to SEK 240.4 million (204.1), an increase of almost 18 per cent compared with the corresponding period in the previous year. Revenue in the quarter amounted to SEK 123.6 million (137.2), which is 10 percent lower than the same period last year. We see this difference as a natural variation and a consequence of the fact that large and intermittent contracts are typical for our market.

As INVISIO's customer base increases, so does the company's order intake, which does not prompt publication via press releases. In the second quarter the total order intake was SEK 107.3 million (178.9). The total for the corresponding period in the previous year was dominated by a single large order of SEK 111 million. At the close of the period the order book amounted to SEK 99.9 million (90.1).

The gross margin for the second quarter was 64.6 per cent (63.5). The operating profit for the quarter was SEK 24.4 million (38.8) and the operating margin was 19.8 per cent (28.2).

Limited impact of Coronavirus in the first six months

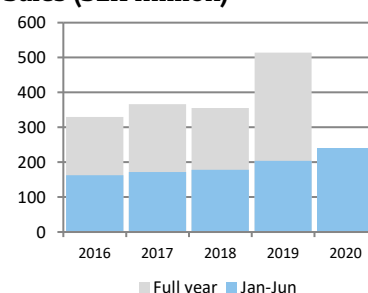
All INVISIO's essential functions and activities are continuing largely as usual. The company is closely monitoring the Covid-19 outbreak and following all rules and recommendations issued by relevant authorities.

The impact on customers' purchasing is assessed to be limited. As a result, the company is maintaining a high delivery readiness, which gives us a significant competitive advantage. The impact is limited to cancelled or deferred trade exhibitions and some delays in global supply chains and in customers' administrative processes. Production at INVISIO's contract manufacturers, which are primarily based in Europe, continues according to plan.

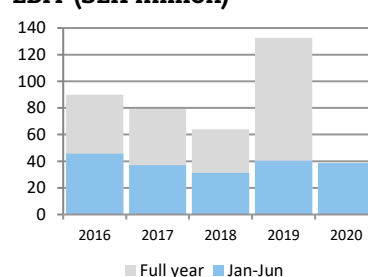
Intensified focus on the law enforcement and security area

In light of the success achieved by INVISIO in the law enforcement and security market in 2019, the company has intensified its global market penetration of this target group. The focus includes a strengthening of the sales organization and an increase in the number of distribution partners in the USA and Europe targeting law enforcement and security.

Sales (SEK million)



EBIT (SEK million)



As INVISIO's customer base increases, so does the order intake, which does not prompt publication via press releases.



We see two trends in particular that drive demand for INVISIO's solutions. The strongest trend is the increasing need for modern communication equipment that makes it possible for the police to work effectively and safely in noisy and mission-critical environments. The second trend is a rising awareness of the high costs that hearing loss gives rise to and the personal suffering it means for those affected.

The attractive market conditions, described in "INVISIO in brief" in this report, together with breakthroughs both in North America and in several European markets in 2019, mean that we feel great confidence in focusing on the law enforcement and security market.

Marketing of the Intercom system is going according to plan

Despite Covid-19 and travel restrictions, marketing of the Intercom system is largely going according to plan. During the second quarter, marketing mainly focused on existing customers, which resulted in several smaller orders from special forces in Europe.

We expect further orders towards the end of the year, after the field tests that are now underway at a number of customers have been completed and evaluated.

We are convinced that the Intercom system has good long-term prospects of contributing significantly to the company's continued growth.

Continued sound growth in new markets

INVISIO continues to grow in existing markets, at the same time as we are addressing selected countries in Asia, the Middle East, and South America. The main focus is on the countries where the major radio suppliers operate.

In the second quarter we received several initial small orders from customers in new countries in Asia, which we estimate may lead to larger orders in the long term.

We see the same pattern here as in our established markets, where orders from military and police special forces pave the way for more business with other parts of the respective organization.

Market demand for advanced communication solutions

Attractive market conditions along with an increasingly powerful sales organization, a broadened offer and intensified penetration of new user groups mean that INVISIO has good prospects of a continued successful growth journey.

Lars Højgård Hansen, CEO

Additional small orders of the Intercom system.

In the second quarter a number of initial orders were received in new markets in Asia.

Good prospects of continued successful growth journey.

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, law enforcement 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 user-friendly 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 make the communication simpler and more effective 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 is 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.

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 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.

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.

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 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 agreements with defense and law enforcement 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. The sales processes 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:

- In addition to winning new procurements, increase market share in existing markets by increasing sales in the framework of contracts already signed.
- Broaden the product portfolio through innovative and customer-oriented development
- Address new user groups with similar needs for communication in mission-critical environments as well as hearing protection needs.
- 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 focusing on both internal operations and 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).¹

¹ The 2018 Annual Benefits Report, US Department of Veteran Affairs, Veteran Benefits Administration.

Sales and profit

Second quarter 2020

In the second quarter INVISIO has experienced few negative effects of Covid-19. Impact on operations in a shorter perspective is limited but delays in order intake and deliveries cannot of course be ruled out if the pandemic is prolonged. INVISIO holds a stable security inventory for both components and finished products.

Sales in the period April – June 2020 were SEK 123.6 million (137.2), a decrease of 10 per cent in comparison with the same corresponding period in the previous year. In comparable currencies sales decreased by 10 per cent.

Rolling twelve-month sales amounted to SEK 550.2 million (380.6) at the close of the quarter, which means an increase of almost 45 per cent compared with the corresponding period in the previous year.

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 99.9 million (90.1). The rolling twelve-month order book amounted to SEK 112.9 million (69.2), which means an increase of 63 per cent compared with the corresponding period in the previous year. INVISIO's market is characterized by large procurements at irregular intervals. Lead times are often long due to extensive processes with customer tests both in laboratories and among end users. This means that the order intake and sales for individual quarters may vary and have an effect on the full year figures.

Gross profit was SEK 79.9 million (87.2) and the gross margin was 64.6 per cent (63.5). 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 55.4 million (48.4). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy.

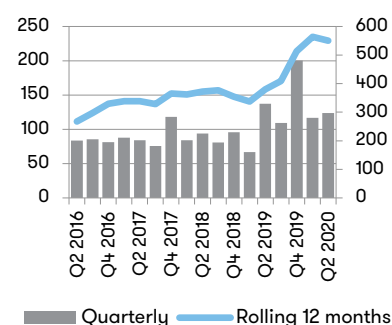
During the quarter development costs of SEK 5.1 million (8.8) were capitalized. Operating expenses include depreciation of capitalized development costs of SEK 0.7 million (1.1). Depreciation will increase upon completion of products according to the growth strategy.

Operating profit and operating margin for the quarter were SEK 24.4 million (38.8) and 19.8 per cent (28.2).

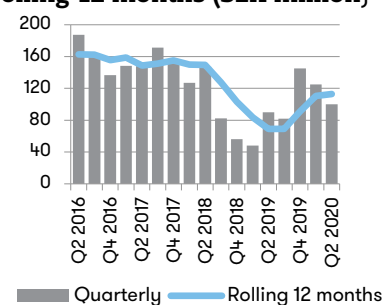
Net financial income was SEK -0.5 million (-1.3).

Profit before tax amounted to SEK 24.0 million (37.5) and profit for the period was SEK 18.1 million (28.5). Earnings per share were SEK 0.41 (0.65).

Sales per quarter and rolling 12 months (SEK million)



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



First half year 2020

Sales in the period January–June 2020 amounted to SEK 240.4 million (204.1), an increase of 18 per cent. After currency adjustment growth was 17 percent.

Gross profit was SEK 147.1 million (127.9) and the gross margin was 61.2 per cent (62.7).

Operating expenses for the first half year were 108.2 million (87.6). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy. In the past six months the company recruited 14 new employees, mainly in R&D and Marketing/Sales.

During the period development costs of SEK 11.1 million (22.3) were capitalized.

Operating expenses include depreciation of capitalized development costs of SEK 1.7 million (2.1). Depreciation will increase going forward, when the new products are ready for sale and their depreciation can start.

Operating profit for the period was SEK 38.8 million (40.3) and the operating margin was 16.2 per cent (19.7).

Net financial income was SEK -0.9 million (-0.2).

Profit before tax amounted to SEK 37.9 million (40.0) and profit for the period was SEK 27.5 million (30.0). Earnings per share were SEK 0.62 (0.68).

Cash flow, investments and financial position**Cash flow and investments**

The Group's cash flow for the period January-June 2020 was SEK 50.4 million (6.0), of which cash flow from operating activities was SEK 101.6 million (60.8) and cash flow from investing activities was SEK -12.9 million (-22.6). Cash flow from financing activities was SEK -38.4 million (-32.1), of which SEK -37.5 million (-30.9) was dividend paid.

During the period the Group's investments amounted to SEK 12.9 million (22.6), of which SEK 11.1 million (22.3) was capitalized development costs and SEK 1.8 million (0.3) was net investment in property, plant and equipment.

The inventory value amounted to SEK 135.0 million (120.3) at the close of the quarter. The inventory has been built up to ensure fast deliveries for expected orders.

Cash and cash equivalents and financial position

The Group's cash and cash equivalents at the close of the quarter amounted to SEK 194.0 million (69.3). INVISIO has a sound financial position and the Group had no loans at the close of the period.

Group equity at the close of the period amounted to SEK 359.0 million (298.1), which gave an equity/assets ratio of 72 per cent (76).

Parent company

Net sales for the parent company for the period January – June 2020 amounted to SEK 0.0 million (0.0). The operating profit was SEK -4.2 million (-3.5). Dividend from subsidiaries amounted to SEK 50.0 million (0.0). Profit for the period amounted to SEK 46.0 million (-2.2).

At the close of the quarter the parent company's cash and bank balances amounted to SEK 1.5 million (0.4). Equity amounted to SEK 124.6 million (118.3), which gave an equity/assets ratio of 97 per cent (97). The number of employees in the parent company was 1 (1).

Employees

The number of employees in the Group, restated as full-time positions, was 115 (91) at the close of the period. Of the employees, 94 were men (73) 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 auditors.

Financial calendar

Interim report January-September 2020	October 29, 2020
Year-end report 2020	February 15, 2021

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

Stockholm, August 14, 2020

Lars Højgård Hansen
President/CEO

For further information, please contact

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Public disclosure

This information is information that INVISIO 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 August 14, 2020, at 8.30 CEST.

Address

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INVISIO 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, August 14, at 10:00, when the President and CEO Lars Højgård Hansen will present INVISIO's interim report for the period January-June 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 numbers 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) 8 566 184 67

Denmark: +45 327 20417

United Kingdom: +44 (0) 844 481 9752

Germany: +49 (0) 692 222 2625

France: +33 (0) 170 700 781

Switzerland: +41 (0) 445 807 145

Conference-ID: 492 6538

Webcast

To follow the presentation online, use the link below:

<https://edge.media-server.com/mmc/p/4tbpgspk>



For further information, please contact

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Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2020 Q2	2019 Q2	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
Revenue	2	123.6	137.2	240.4	204.1	513.8
Cost of goods sold		-43.7	-50.1	-93.3	-76.2	-200.5
Gross profit		79.9	87.2	147.1	127.9	313.3
Operating expenses*		-55.4	-48.4	-108.2	-87.6	-180.7
Operating profit/loss		24.4	38.8	38.8	40.3	132.6
Net financial items		-0.5	-1.3	-0.9	-0.2	1.5
Profit/loss before tax		24.0	37.5	37.9	40.0	134.1
Income tax	3	-5.9	-9.0	-10.4	-10.1	-32.5
Profit/loss for the period		18.1	28.5	27.5	30.0	101.6
OTHER COMPREHENSIVE INCOME						
<i>Items that may subsequently be reclassified to profit and loss</i>						
Translation differences		-20.6	3.0	1.5	6.4	1.8
Comprehensive income for the period		-2.6	31.5	29.0	36.4	103.4
<i>(Profit/loss attributable to equity holders of the parent company.)</i>						
*Depreciation incl. in operating expenses		-2.3	-2.6	-4.7	-5.1	-10.0

	2020 Q2	2019 Q2	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
Per-share data					
Earnings per share, SEK	0.41	0.65	0.62	0.68	2.30
Earnings per share after dilution, SEK	0.41	0.64	0.62	0.68	2.30
Shareholders' equity per share, SEK	8.14	6.76	8.14	6.76	8.30
Shareholders' equity per share after dilution, SEK	7.84	6.61	7.84	6.61	8.11
Equity ratio, %	72	76	72	76	76
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	45,247	44,649	45,247	44,649	44,943
Share price at end of period, SEK	147.40	70.50	147.40	70.50	101.80

Condensed consolidated statement of financial position

SEK in millions

Assets	Note	30/06/2020	30/06/2019	31/12/2019
Capitalized development costs		95.4	71.4	85.6
Equipment		2.9	3.8	3.1
Right-of-use assets, leases	4	24.2	27.1	25.3
Deposits for rent, long-term		2.3	1.9	2.3
Deferred tax assets	3	4.2	8.6	1.8
Inventories		135.0	120.3	95.6
Trade receivables		26.4	77.9	111.0
Other short-term receivables		16.4	12.4	10.0
Cash and cash equivalents		194.0	69.3	145.1
Total assets		500.8	392.8	479.7

Shareholders' equity and liabilities

Shareholders' equity		359.0	298.1	366.0
Lease liabilities	4	24.9	28.0	25.9
Deferred tax liabilities	3	15.0	-	6.5
Trade payables		34.8	31.2	29.8
Other current liabilities		67.1	35.4	51.5
Total shareholders' equity and liabilities		500.8	392.8	479.7

	2020	2019	2019
Condensed consolidated statement of changes in equity	Jan-Jun	Jan-Jun	Full year
Opening balance	366.0	292.0	292.0
Employee stock option program	1.4	0.6	1.5
Dividend	-37.5	-30.9	-30.9
Comprehensive income for the period	29.0	36.4	103.4
Closing balance	359.0	298.1	366.0

Condensed consolidated statement of cash flow

SEK in millions	2020 Q2	2019 Q2	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
Operating activities					
Profit/loss before tax	24.0	37.5	37.9	40.0	134.1
Adjustments for non-cash items	6.1	1.9	7.6	3.8	8.7
Income tax paid	-0.5	-0.8	-1.1	-1.5	-2.8
Cash flow from operating activities before changes in working capital	29.6	38.5	44.5	42.3	140.0
Changes in inventories	-25.6	-3.0	-40.0	-16.0	7.5
Changes in operating receivables	29.6	9.8	80.5	33.5	2.3
Changes in operating liabilities	16.2	7.6	16.7	0.9	8.6
<i>Cash flow from changes in working capital</i>	<i>20.1</i>	<i>14.3</i>	<i>57.2</i>	<i>18.4</i>	<i>18.4</i>
Cash flow from operating activities	49.7	52.8	101.6	60.8	158.4
Investing activities					
Capitalization of development costs	-5.1	-8.8	-11.1	-22.3	-39.6
Acquisition of property, plant, and equipment	-1.4	0.0	-1.8	-0.3	-0.6
Acquisition of financial assets	0.0	0.0	0.0	-0.1	-0.5
Cash flow from investing activities	-6.5	-8.8	-12.9	-22.6	-40.8
Financing activities					
Changes in lease liabilities	-1.6	-0.6	-0.9	-1.2	-3.4
Dividend paid	-37.5	-30.9	-37.5	-30.9	-30.9
Cash flow from financing activities	-39.1	-31.5	-38.4	-32.1	-34.2
CASH FLOW FOR THE PERIOD	4.1	12.5	50.4	6.0	83.4
Cash and cash equivalents at start of period	202.0	56.5	145.1	62.2	62.2
Translation differences in cash and cash equivalents	-12.1	0.3	-1.5	1.0	-0.5
Cash and cash equivalents at end of period	194.0	69.3	194.0	69.3	145.1

Condensed parent company income statement

SEK in millions	2020 Q2	2019 Q2	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
Revenue	0.0	0.0	0.0	0.0	0.1
Operating expenses	-2.3	-1.7	-4.3	-3.6	-7.7
Operating profit/loss	-2.2	-1.7	-4.2	-3.5	-7.7
Net financial items**	50.3	0.7	50.2	1.4	0.8
Profit/loss before tax	48.0	-1.0	46.0	-2.2	-6.8
Income tax	-	-	-	-	-
Profit/loss for the period	48.0	-1.0	46.0	-2.2	-6.8
**Of which, dividend from subsidiaries	50.0	-	50.0	-	-

Condensed parent company balance sheet

SEK in millions	30/06/2020	30/06/2019	31/12/2019
Assets			
Participations in Group companies	86.8	84.5	85.4
Receivables from Group companies	39.8	36.8	-
Other current receivables	0.4	0.9	0.3
Cash and bank balances	1.5	0.4	34.1
Total assets	128.5	122.5	119.8
Shareholders' equity and liabilities			
Restricted shareholders' equity	65.7	65.7	65.7
Non-restricted shareholders' equity	58.9	52.6	48.9
Trade payables	0.3	0.4	0.3
Liabilities to Group companies	2.7	2.7	3.4
Other current liabilities	0.9	1.0	1.5
Total shareholders' equity and liabilities	128.5	122.5	119.8
Parent company changes in shareholders' equity	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
Opening balance	114.6	150.8	150.8
Employee stock option program	1.4	0.6	1.5
Dividend	-37.5	-30.9	-30.9
Profit/loss for the period**	46.0	-2.2	-6.8
Closing balance	124.6	118.3	114.6
**Of which, dividend from subsidiaries	50.0	-	-

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 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

SEK in millions	2020	2019	2020	2019	2019
	Q2	Q2	Jan-Jun	Jan-Jun	Full year
Sweden	6.9	0.9	8.6	5.8	32.3
Europe	51.2	4.0	97.7	18.1	108.9
North America	62.3	130.1	121.5	173.1	357.9
Rest of the world	3.2	2.2	12.5	7.1	14.6
Total	123.6	137.2	240.4	204.1	513.8

Note 3. Taxes

SEK in millions

Deferred tax assets	30/06/2020	30/06/2019
Receivables attributable to tax loss carry-forwards in Denmark	-	23.4
Liabilities attributable to capitalized development costs in Denmark	-	-15.7
Receivables attributable to other temporary differences	4.2	1.0
Closing balance	4.2	8.6

Deferred tax liabilities	30/06/2020	30/06/2019
Receivables attributable to tax loss carry-forwards in Denmark	5.8	-
Liabilities attributable to capitalized development costs in Denmark	-21.0	-
Receivables attributable to other temporary differences in Denmark	0.3	-
Closing balance	-15.0	-

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 June 30, 2020 were SEK 145.8 million (217.1), of which SEK 26.5 million (106.5) are capitalized. The remaining unutilized loss carry-forwards amounted to SEK 119.3 million (110.6) 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 have been expensed directly. On this and the next page a presentation is given of the effect of IFRS 16 on the consolidated income statement, cash flow and selected key figures.

Effects on profit/loss for the period Jan-Jun

SEK in millions	2020	2020	2019	2019
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
Gross profit	147.1	147.1	127.9	127.9
Operating expenses, excl. depreciation	-105.8	-103.5	-84.8	-82.5
Depreciation	-2.6	-4.7	-3.0	-5.1
Operating profit	38.7	38.8	40.1	40.3
Net financial items	-0.6	-0.9	0.9	-0.2
Profit before tax	38.1	37.9	40.9	40.0

Note 4. Leases, cont.

Effects on cash flow for the period Jan-Jun

	2020	2020	2019	2019
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
SEK in millions	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
Operating activities				
Profit/loss before tax	38.1	37.9	40.9	40.0
Adjustments for non-cash items:				
- Depreciation	2.6	4.7	3.0	5.1
- Other items	2.9	2.9	-1.2	-1.2
Cash flow from changes in working capital	56.1	56.1	16.9	16.9
Cash flow from operating activities	99.6	101.6	59.6	60.8
Investing activities				
Acquisition of property, plant, and equipment	-0.7	-1.8	-0.3	-0.3
Other items among financing activities	-11.1	-11.1	-22.3	-22.3
Cash flow from investing activities	-11.8	-12.9	-22.6	-22.6
Financing activities				
Change in lease liabilities	-	-0.9	-	-1.2
Dividend paid	-37.5	-37.5	-30.9	-30.9
Cash flow from financing activities	-37.5	-38.4	-30.9	-32.1
CASH FLOW FOR THE PERIOD	50.4	50.4	6.0	6.0

Effects on selected key figures Jan-Jun

	2020	2020	2019	2019
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
SEK in millions	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
EBITDA	41.2	43.6	43.0	45.3
Operating profit/loss	38.7	38.8	40.1	40.3
Operating margin, %	16.1	16.2	19.6	19.7
Profit/loss for the period	27.7	27.5	30.9	30.0
Earnings per share for the period, SEK	0.63	0.62	0.70	0.68

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 monthly salary payment for the period.

Reconciliation of alternative performance measures

SEK in millions		2020 Q2	2019 Q2	2020 Jan-Jun	2019 Jan-Jun	2019 Full year
Gross profit	A	79.9	87.2	147.1	127.9	313.3
Operating expenses	B	55.4	48.4	108.2	87.6	180.7
	A-B	24.4	38.8	38.8	40.3	132.6
EBIT (Operating profit/loss)	A	24.4	38.8	38.8	40.3	132.6
Depreciation, amortization and impairment losses	B	2.3	2.6	4.7	5.1	10.0
EBITDA	A+B	26.8	41.4	43.6	45.3	142.6

SEK in millions		30/06/2020	30/06/2019	31/12/2019
Equity	A	359.0	298.1	366.0
Number of shares, thousands	B	44,098	44,098	44,098
Shareholders' equity per share, SEK	A/B	8.14	6.76	8.30
Equity	A	359.0	298.1	366.0
Number of shares after dilution, thousands	B	45,798	45,121	45,137
Shareholders' equity per share after dilution, SEK	A/B	7.84	6.61	8.11

Overview - eight past quarters

	2018	2018	2019	2019	2019	2019	2020	2020
SEK in millions	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	80.9	95.6	66.8	137.2	109.2	200.5	116.8	123.6
Cost of goods sold	-33.9	-48.3	-26.2	-50.1	-46.9	-77.4	-49.6	-43.7
Gross profit	47.0	47.4	40.7	87.2	62.3	123.1	67.2	79.9
Operating expenses	-35.4	-26.8	-39.2	-48.4	-43.6	-49.6	-52.8	-55.4
Operating profit/loss	11.6	20.6	1.5	38.8	18.8	73.5	14.4	24.4
Net financial items	0.0	0.5	1.1	-1.3	3.2	-1.4	-0.5	-0.5
Profit/loss before tax	11.6	21.1	2.6	37.5	21.9	72.1	13.9	24.0
Income tax	-3.1	-5.1	-1.1	-9.0	-5.7	-16.7	-4.5	-5.9
Profit/loss for the period	8.4	16.0	1.5	28.5	16.2	55.4	9.4	18.1
Cash flow from operating activities	-31.2	-24.9	8.0	52.8	39.0	58.6	51.9	49.7
Gross margin, %	58.1	49.5	60.9	63.5	57.1	61.4	57.5	64.6
Operating margin, %	14.3	21.5	2.2	28.2	17.2	36.7	12.3	19.8
Profit margin %	10.4	16.7	2.3	20.8	14.9	27.6	8.1	14.6
Equity ratio, %	79	82	77	76	77	76	76	72
Earnings per share, SEK*	0.19	0.36	0.03	0.65	0.37	1.26	0.21	0.41
Shareholders' equity per share, SEK*	6.27	6.62	6.74	6.76	7.25	8.30	9.03	8.14

* Before dilution