

Strong order intake and continued investments

SEK in millions	2020 Q3	2019 Q3	Δ %	2020 Jan-Sep	2019 Jan-Sep	Δ %	2019 Full year
Revenue	118.7	109.2	9	359.2	313.3	15	513.8
Gross profit	59.8	62.3	-4	206.9	190.2	9	313.3
Gross margin, %	50.3	57.1		57.6	60.7		61.0
EBITDA	19.1	21.3	-10	62.7	66.6	-6	142.6
Operating profit/loss	16.4	18.8	-13	55.2	59.0	-6	132.6
Operating margin, %	13.8	17.2		15.4	18.8		25.8
Profit/loss for the period	6.2	16.2	-62	33.7	46.2	-27	101.6
Earnings per share, SEK	0.14	0.37	-62	0.76	1.05	-27	2.30

“The third quarter of 2020 was characterized by a strong order intake and stable sales growth. The forward-looking investments continued for product development and organizational development in R&D, sales and marketing. We can note that the order intake of smaller orders that do not give rise to public disclosure fortunately continues to increase, which is a logical consequence of a growing customer base and new product areas. At the same time, we have seen that several major customer projects have been somewhat delayed due to the ongoing pandemic. INVISIO does not believe that the company has lost business due to the pandemic, but rather it is a matter of delayed inflow of orders.”

Lars Højgård Hansen, CEO

IMPORTANT EVENTS DURING THE QUARTER

- Through the GSA contract, INVISIO received an order worth SEK 44 million from an existing American defense customer.
- The US Army 2nd Security Force Assistance Brigade (SFAB) submitted a first minor order for the Intercom system.
- INVISIO signed an agreement with a Danish audio company for exclusive and global sales and distribution rights for the market’s most discreet headset.
- The order intake in the quarter amounted to SEK 212.1 million (95.0).
- The order book at the close of the quarter was SEK 183.1 million (82.0).

IMPORTANT EVENTS AFTER THE QUARTER

- INVISIO launched the T7, an over-the-ear headset developed in-house that sets a new standard in the market.

Strong order intake and continued investments

The third quarter of 2020 was characterized by a strong order intake and stable sales growth. The forward-looking investments for product development and organizational development in R&D, sales and marketing continued during the period.

The order intake in the quarter was SEK 212.1 million (95.0), the second highest ever for an individual quarter. At the close of the period the order book included orders to the value of SEK 183.1 million (82.0).

We can note that during the quarter the order intake of smaller orders that do not give rise to public disclosure fortunately continued to increase. This is a logical consequence of a growing customer base and new product areas.

At the same time, during the quarter we have seen that several major customer projects have been somewhat delayed or postponed due to the ongoing pandemic. Among the challenges are the difficulties for our customers to implement field tests and the longer time needed for administrative processes. In addition, trade exhibitions have been cancelled and travel restrictions make customer visits difficult. However, INVISIO does not believe that the company has lost business due to the pandemic, but rather it is a matter of delayed inflow of orders.

Sales for the quarter were SEK 118.7 million (109.2), an increase of 9 per cent in comparison with the corresponding quarter last year. In comparable currencies sales increased by 14 per cent.

The gross margin for the quarter was 50.3 percent (57.1). The decrease is mainly due to the product mix and temporarily higher sales of third-party products with a lower margin.

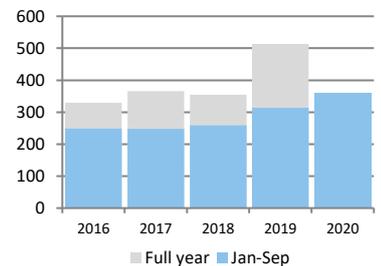
Operating profit for the quarter was SEK 16.4 million (18.8) and the operating margin was 13.8 per cent (17.2). The comparatively low operating profit and lower margin are an effect of the period's lower gross profit. The forward-looking investments have continued during the quarter, but personnel-related costs, including travel costs, are considerably lower than in the corresponding period last year due to the pandemic.

Sales for the first nine months of 2020 amounted to SEK 359.2 million (313.3), an increase of 15 per cent. Operating expenses were SEK 151.6 million (131.1). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy. The gross and operating margins in the first nine months of the year were 57.6 per cent (60.7) and 15.4 per cent (18.8).

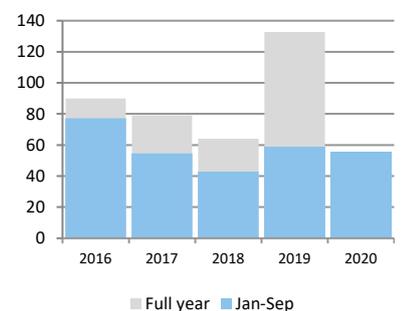
American order worth SEK 44 million via the GSA contract

The single largest order in the quarter, worth SEK 44 million, was from an existing customer in the US Department of Defense. The order, for advanced communication and hearing protection systems, was obtained via our American GSA contract. The order is clear proof of INVISIO's strong position in the American market and yet another significant reference in the ongoing global modernization of communication equipment among our target groups.

Sales (SEK million)



EBIT (SEK million)



The order intake of smaller orders that do not give rise to public disclosure continued to increase during the quarter.



Broadened offer and strengthened product portfolio

A concrete result of the forward-looking investments mentioned above was the launch of the INVISIO T7 – a new over-the-ear headset. The product sets new standards for submersibility, ruggedness, flexibility and comfort, while also offering industry-leading hearing protection and situational awareness.

INVISIO has for many years led the market in advanced in-ear systems. The launch means that we are now also strengthening our position in advanced over-the-ear headsets.

During the quarter we also signed an agreement with the Danish audio company N-ear for the exclusive and global sales and distribution rights for the company's 360 audio products developed for the military and law enforcement. The partnership means that we are broadening our offer with a completely new product category consisting of the market's most discreet headset.

Marketing of the Intercom system is continuing to plan

Despite COVID-19 and travel restrictions, marketing of the Intercom system is largely going to plan. During the quarter we received several smaller orders from specialist units in the USA and Europe. One of these is the US Army 2nd Security Force Assistance Brigade (SFAB), which chose our new light and portable Intercom system. This is an important reference order for us in both the USA and Europe.

Stronger position and a clear forward strategy

All in all, developments in the quarter meant that we have strengthened our position as the leader supplier of communication and hearing protection solutions for professional use in extreme environments. The launch of the INVISIO T7 headset contributed to this.

Looking forward, we will continue to act on the basis of our adopted strategy. The investments in product development and organizational development will continue, to further confirm and strengthen our leading position.

Much energy will be devoted to the continued market introduction of our Intercom system and our establishment in the law enforcement and security market area.

Lars Højgård Hansen, CEO

The new T7 in-house developed over-the-ear headset sets a new standard.

Strong interest in the Intercom system from several special forces.

A strong position and clear strategy give us reason to take a positive view of INVISIO's future.

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 simplify and effectivize communication for users, regardless of their mode of transport.

Growing niche market

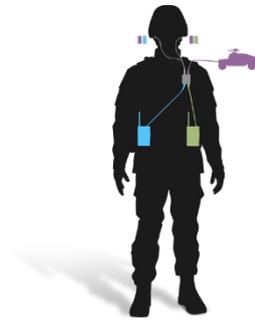
INVISIO mainly addresses customers in the military and defense sectors and law enforcement and security sectors in the USA and Europe, as well as selected countries in Asia. The company estimates that the annual value of the total addressable market for personal equipment and the Intercom system amounts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

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.

With this solution, 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.

Law enforcement and security market for the personal system

For many 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.

The annual addressable market for the personal system directed at the law enforcement and security market is worth SEK 1.5 billion.

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 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.

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

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 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 Intercom system, which is our 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, Canada, the UK, 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 individual quarters or years.

Financial targets and strategies

The company's financial targets are 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 communication needs 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

Third quarter 2020

INVISIO's third quarter of 2020 was characterized by a strong order intake and stable sales growth. Sales were SEK 118.7 million (109.2), an increase of 9 per cent in comparison with the corresponding quarter last year. In comparable currencies sales increased by 14 per cent.

INVISIO can note that the percentage of sales related to existing customers, which do not give rise to public disclosure, continue to grow. This is a logical consequence of an increasingly large and growing customer base.

However, several major customer projects in 2020 have been somewhat delayed due to the ongoing pandemic. INVISIO does not believe that the company has lost business due to the pandemic, but rather it is a matter of delayed inflow of orders.

Rolling twelve-month sales amounted to SEK 559.7 million (408.9) at the close of the quarter, which means an increase of almost 37 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.

The order intake in the quarter amounted to SEK 212.1 million (95.0). At the close of the period the order book amounted to SEK 183.1 million (82.0). The rolling twelve-month order book amounted to SEK 552.8 million (276.5), which means an increase of 99.9 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.

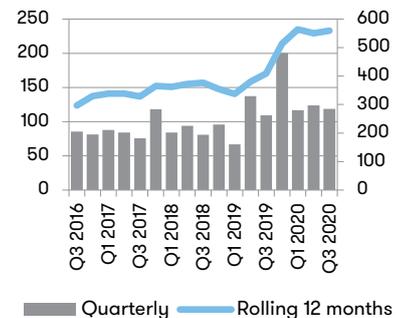
Gross profit was SEK 59.8 million (62.3) and the gross margin was 50.3 per cent (57.1). The lower margin during the period is due to the product mix and temporarily higher sales of third-party products with a lower margin. Gross margin may vary between quarters depending on the product mix and the share of direct sales to end-customers.

Operating expenses for the quarter were SEK 43.4 million (43.6).

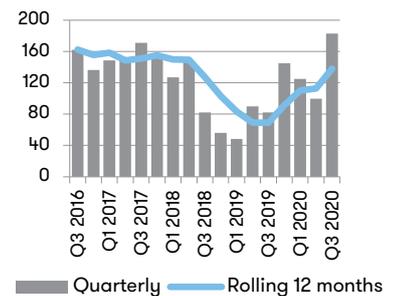
During the quarter development costs of SEK 4.0 million (8.9) were capitalized. Operating expenses include depreciation of capitalized development costs of SEK 1.2 million (1.0).

Operating profit and operating margin for the quarter were SEK 16.4 million (18.8) and 13.8 per cent (17.2). The comparatively low operating profit and lower margin are an effect of the period's lower gross profit. Investments in product development and organization, in line with the company's growth strategy, continued during the quarter. Due to the pandemic, however, personnel-related costs, including travel costs, were considerably lower in the quarter than the corresponding period last year. Net financial income was SEK -8.2 million (3.2).

Sales per quarter and rolling 12 months (SEK million)



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



Due to the uncertain delivery situation caused by COVID-19 there has been a conscious build-up of inventory value in the USA. The dollar rate trend during the period contributed to the negative net financial income.

Profit before tax amounted to SEK 8.2 million (21.9) and profit for the period was SEK 6.2 million (16.2). Earnings per share were SEK 0.14 (0.37).

January–September 2020

Sales in the period January–September 2020 amounted to SEK 359.2 million (313.3), an increase of 15 per cent. After currency adjustment growth was 16 percent.

Gross profit was SEK 206.9 million (190.2) and the gross margin was 57.6 per cent (60.7).

Operating expenses for the first nine months of the year were SEK 151.6 million (131.1). The increase refers to a larger organization and increased activities in accordance with the growth strategy. The number of employees increased by 27 per cent and totaled 122 people at the close of the quarter, compared with 96 at the same point in time in the previous year.

During the period development costs of SEK 15.1 million (31.2) were capitalized.

Operating expenses include depreciation of capitalized development costs of SEK 2.9 million (3.0).

Operating profit for the period was SEK 55.2 million (59.0) and the operating margin was 15.4 per cent (18.8).

Net financial income was SEK -9.1 million (2.9).

Profit before tax amounted to SEK 46.1 million (62.0) and profit for the period was SEK 33.7 million (46.2). Earnings per share were SEK 0.76 (1.05).

Cash flow, investments and financial position

Cash flow and investments

The Group's cash flow for the period January-September 2020 was SEK -22.0 million (35.5), of which cash flow from operating activities was SEK 35.2 million (99.8) and cash flow from investing activities was SEK -17.8 million (-31.8). Cash flow from financing activities was SEK -39.4 million (-32.4), of which SEK -37.5 million (-30.9) was dividend paid.

During the period the Group's investments amounted to SEK 17.8 million (31.8), of which SEK 15.1 million (31.2) was capitalized development costs and SEK 2.7 million (0.5) was net investment in property, plant and equipment.

The inventory value amounted to SEK 143.8 million (104.6) at the close of the quarter. The build-up of inventories was to ensure rapid delivery of 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 123.7 million (101.4). 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 368.2 million (319.9), which gave an equity/assets ratio of 73 per cent (77).

Parent company

Net income for the parent company during the period January – September 2020 amounted to SEK 0.0 million (0.0). The operating profit was SEK -6.5 million (-5.5). Dividend from subsidiaries was SEK 50.0 million (0.0). Profit for the period amounted to SEK 43.7 million (-3.9).

At the close of the quarter the parent company's cash and bank balances amounted to SEK 38.5 million (16.1). Equity amounted to SEK 123.4 million (117.1), which gave an equity/assets ratio of 96 per cent (96). 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 122 (96) at the close of the period. Of the employees, 101 were men (78) 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.

Nominating Committee for the Annual General Meeting 2021

Ahead of the Annual General Meeting to be held in 2021 the members of the Nominating Committee are Simon Vesterby Kold, chair of the Nominating Committee, appointed by Novo Holdings, Elisabet Jamal Bergström, appointed by SEB, and Lennart Francke, appointed by Swedbank Robur Fonder, as well as the Chair of the Board Annika Andersson.

Shareholders who wish to submit proposals to the Nominating Committee can email to ir@invisio.com, or send an ordinary letter to: The Nominating Committee, INVISIO AB, P O Box 151, SE 201 21 Malmö. To enable the Nominating Committee to process proposals submitted, they should have been received by the Nominating Committee at the latest by December 31, 2020.

Annual General Meeting for the 2020 financial year

INVISIO's Annual General Meeting for the 2020 financial year will be held in Stockholm on April 28, 2021 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 AB, P O Box 151, SE 201 21 Malmö. Any request must have been received at least seven weeks before the Meeting in order to be included in the notice to attend and thus the agenda of the Annual General Meeting.

Financial calendar

Year-end report 2020	February 15, 2021
Annual General Meeting 2021	April 28, 2021 at 13:00

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

Stockholm, October 29, 2020

Annika Andersson Chair of the Board	Charlotta Falvin Member of the Board	Ulrika Hagdahl Member of the Board
Lage Jonason Member of the Board	Martin Krupicka Member of the Board	Charlott Samuelsson Member of the Board
Lars Højgård Hansen President/CEO		

For further information, please contact

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Thomas Larsson, CFO
+45 5372 7735 | thl@invisio.com

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 October 29, 2020, at 14.00 CET.

Address

INVISIO AB | PO Box 151 | SE 201 21 Malmö
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, October 30, at 10:00, when the President and CEO Lars Højgård Hansen will present INVISIO's interim report for January-September 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 (Local number): +46 (0) 856618467, (Free of charge): +46 (0) 200125160

Denmark (Local number): +45 32720417, (Free of charge): +45 80711246

UK (Local number): +44 (0) 8444819752, (Free of charge): +44 (0) 8002796619

Germany (Local number): +49 (0) 6922222625, (Free of charge): +49 (0) 8007234756

France (Local number): +33 (0) 170700781, (Free of charge): +33 (0) 805101465

Switzerland (Local number): +41 (0) 445807145, (Free of charge): +41(0) 800000367

Conference-ID: 214 9764

Webcast

To follow the presentation online, use the link below:

<https://edge.media-server.com/mmc/p/3fb3mbmw>



For further information, please contact

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+45 5372 7733 | mpn@invisio.com

Auditor's review report

INVISIO AB org nr 556651-0987

Introduction

We have reviewed the condensed interim financial information (interim report) for INVISIO AB (publ) as of September 30, 2020 and the nine-month period then ended. The board of directors and the President/CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

Conclusion

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

Malmö, October 29, 2020

PricewaterhouseCoopers AB

Mats Åkerlund
Authorized Public Accountant
Auditor in charge

Åsa Markefors
Authorized Public Accountant

Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2020 Q3	2019 Q3	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Revenue	2	118.7	109.2	359.2	313.3	513.8
Cost of goods sold		-59.0	-46.9	-152.3	-123.1	-200.5
Gross profit		59.8	62.3	206.9	190.2	313.3
Operating expenses*		-43.4	-43.6	-151.6	-131.1	-180.7
Operating profit/loss		16.4	18.8	55.2	59.0	132.6
Net financial items		-8.2	3.2	-9.1	2.9	1.5
Profit/loss before tax		8.2	21.9	46.1	62.0	134.1
Income tax	3	-1.9	-5.7	-12.3	-15.8	-32.5
Profit/loss for the period		6.2	16.2	33.7	46.2	101.6
OTHER COMPREHENSIVE INCOME						
<i>Items that may subsequently be reclassified to profit and loss</i>						
Translation differences		1.9	5.1	3.4	11.5	1.8
Comprehensive income for the period		8.1	21.3	37.1	57.7	103.4
(Profit/loss attributable to equity holders of the parent company.)						
*Depreciation incl. in operating expenses		-2.7	-2.5	-7.4	-7.5	-10.0

	2020 Q3	2019 Q3	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Per-share data					
Earnings per share, SEK	0.14	0.37	0.76	1.05	2.30
Earnings per share after dilution, SEK	0.14	0.37	0.75	1.05	2.30
Shareholders' equity per share, SEK	8.35	7.25	8.35	7.25	8.30
Shareholders' equity per share after dilution, SEK	8.04	7.09	8.04	7.09	8.11
Equity ratio, %	73	77	73	77	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	45,798	45,121	45,412	44,790	44,943
Share price at end of period, SEK	175.20	74.20	175.20	74.20	101.80

Condensed consolidated statement of financial position

SEK in millions

Assets	Note	30/09/2020	30/09/2019	31/12/2019
Capitalized development costs		99.0	80.5	85.6
Equipment		3.4	3.5	3.1
Right-of-use assets, leases	4	23.1	26.4	25.3
Deposits for rent, long-term		2.3	1.9	2.3
Deferred tax assets	3	4.2	5.2	1.8
Inventories		143.8	104.6	95.6
Trade receivables		86.5	73.8	111.0
Other short-term receivables		16.1	18.5	10.0
Cash and cash equivalents		123.7	101.4	145.1
Total assets		501.9	415.7	479.7
Shareholders' equity and liabilities				
Shareholders' equity		368.2	319.9	366.0
Lease liabilities	4	24.0	27.7	25.9
Deferred tax liabilities	3	15.8	-	6.5
Trade payables		33.0	30.4	29.8
Other current liabilities		61.0	37.8	51.5
Total shareholders' equity and liabilities		501.9	415.7	479.7
Condensed consolidated statement of changes in equity				
		2020	2019	2019
		Jan-Sep	Jan-Sep	Full year
Opening balance		366.0	292.0	292.0
Employee stock option program		2.6	1.0	1.5
Dividend		-37.5	-30.9	-30.9
Comprehensive income for the period		37.1	57.7	103.4
Closing balance		368.2	319.9	366.0

Condensed consolidated statement of cash flow

SEK in millions	2020 Q3	2019 Q3	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Operating activities					
Profit/loss before tax	8.2	21.9	46.1	62.0	134.1
Adjustments for non-cash items	5.6	-0.5	13.3	3.3	8.7
Income tax paid	-4.2	-0.4	-5.3	-1.9	-2.8
Cash flow from operating activities before changes in working capital	9.6	21.0	54.1	63.3	140.0
Changes in inventories	-8.5	17.8	-48.5	1.8	7.5
Changes in operating receivables	-60.4	1.2	20.1	34.7	2.3
Changes in operating liabilities	-7.2	-1.0	9.5	-0.1	8.6
<i>Cash flow from changes in working capital</i>	<i>-76.1</i>	<i>18.0</i>	<i>-18.9</i>	<i>36.4</i>	<i>18.4</i>
Cash flow from operating activities	-66.5	39.0	35.2	99.8	158.4
Investing activities					
Capitalization of development costs	-4.0	-8.9	-15.1	-31.2	-39.6
Acquisition of property, plant, and equipment	-0.9	-0.3	-2.7	-0.5	-0.6
Acquisition of financial assets	0.0	0.0	0.0	-0.1	-0.5
Cash flow from investing activities	-4.9	-9.2	-17.8	-31.8	-40.8
Financing activities					
Changes in lease liabilities	-1.0	-0.3	-1.9	-1.5	-3.4
Dividend paid	-	-	-37.5	-30.9	-30.9
Cash flow from financing activities	-1.0	-0.3	-39.4	-32.4	-34.2
CASH FLOW FOR THE PERIOD	-72.3	29.4	-22.0	35.5	83.4
Cash and cash equivalents at start of period	194.0	69.3	145.1	62.2	62.2
Translation differences in cash and cash equivalents	2.0	2.6	0.5	3.7	-0.5
Cash and cash equivalents at end of period	123.7	101.4	123.7	101.4	145.1

Condensed parent company income statement

SEK in millions	2020 Q3	2019 Q3	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Revenue	0.0	0.0	0.0	0.0	0.1
Operating expenses	-2.3	-2.0	-6.6	-5.6	-7.7
Operating profit/loss	-2.3	-2.0	-6.5	-5.5	-7.7
Net financial items**	0.0	0.3	50.2	1.7	0.8
Profit/loss before tax	-2.3	-1.7	43.7	-3.9	-6.8
Income tax	-	-	-	-	-
Profit/loss for the period	-2.3	-1.7	43.7	-3.9	-6.8
**Of which, dividend from subsidiaries	-	-	50.0	-	-

Condensed parent company balance sheet

SEK in millions	30/09/2020	30/09/2019	31/12/2019
Assets			
Participations in Group companies	88.0	84.9	85.4
Receivables from Group companies	0.6	20.1	-
Other current receivables	0.7	0.6	0.3
Cash and bank balances	38.5	16.1	34.1
Total assets	127.9	121.7	119.8
Shareholders' equity and liabilities			
Restricted shareholders' equity	65.7	65.7	65.7
Non-restricted shareholders' equity	57.7	51.4	48.9
Trade payables	0.2	0.3	0.3
Liabilities to Group companies	2.7	2.7	3.4
Other current liabilities	1.6	1.6	1.5
Total shareholders' equity and liabilities	127.9	121.7	119.8
Parent company changes in shareholders' equity	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Opening balance	114.6	150.8	150.8
Employee stock option program	2.6	1.0	1.5
Dividend	-37.5	-30.9	-30.9
Profit/loss for the period**	43.7	-3.9	-6.8
Closing balance	123.4	117.1	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 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

SEK in millions	2020	2019	2020	2019	2019
	Q3	Q3	Jan-Sep	Jan-Sep	Full year
Sweden	3.0	2.3	11.5	8.1	32.3
Europe	51.7	22.7	149.4	40.9	108.9
North America	62.1	78.6	183.6	251.7	357.9
Rest of the world	2.0	5.6	14.6	12.6	14.6
Total	118.8	109.2	359.2	313.3	513.8

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 decided to exclude short-term leases with a lease period less than 12 months and low-value leases (up to USD 5,000), which were 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-Sep

SEK in millions	2020	2020	2019	2019
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
Gross profit	206.9	206.9	190.2	190.2
Operating expenses, excl. depreciation	-147.7	-144.2	-127.1	-123.6
Depreciation	-4.2	-7.4	-4.4	-7.5
Operating profit	54.9	55.2	58.7	59.0
Net financial items	-8.6	-9.1	4.6	2.9
Profit before tax	46.4	46.1	63.3	62.0

Note 3. Taxes

SEK in millions

	30/09/2020	30/09/2019
Deferred tax assets		
Receivables attributable to tax loss carry-forwards in Denmark	-	21.4
Liabilities attributable to capitalized development costs in Denmark	-	-17.7
Receivables attributable to other temporary differences	4.2	1.6
Closing balance	4.2	5.2

	30/09/2020	30/09/2019
Deferred tax liabilities		
Receivables attributable to tax loss carry-forwards in Denmark	5.7	-
Liabilities attributable to capitalized development costs in Denmark	-21.8	-
Receivables attributable to other temporary differences in Denmark	0.3	-
Closing balance	-15.8	-

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 of September 30, 2020 were SEK 147.4 million (208.8), of which SEK 25.8 million (96.5) is capitalized. The remaining unutilized loss carry-forwards amounted to SEK 121.6 million (112.3) and refer to other companies and cannot be capitalized at present. All loss carry-forwards have an unlimited life.

Note 4. Leases, cont.

Effects on cash flow for the period Jan-Sep

	2020	2020	2019	2019
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
SEK in millions	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
Operating activities				
Profit/loss before tax	46.4	46.1	63.3	62.0
<i>Adjustments for non-cash items:</i>				
- Depreciation	4.2	7.4	4.4	7.5
- Other items	5.8	5.8	-6.2	-6.2
Cash flow from changes in working capital	-24.2	-24.2	36.4	36.4
Cash flow from operating activities	32.2	35.2	97.9	99.8
Investing activities				
Acquisition of property, plant, and equipment	-1.6	-2.7	-0.3	-0.5
Other items among financing activities	-15.1	-15.1	-31.3	-31.3
Cash flow from investing activities	-16.7	-17.8	-31.6	-31.8
Financing activities				
Change in lease liabilities	-	-1.9	-	-1.5
Dividend paid	-37.5	-37.5	-30.9	-30.9
Cash flow from financing activities	-37.5	-39.4	-30.9	-32.4
CASH FLOW FOR THE PERIOD	-22.0	-22.0	35.5	35.5

Effects on selected key figures Jan-Sep

	2020	2020	2019	2019
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
SEK in millions	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
EBITDA	59.1	62.7	63.0	66.6
Operating profit/loss	54.9	55.2	58.7	59.0
Operating margin, %	15.3	15.4	18.7	18.8
Profit/loss for the period	34.0	33.7	47.5	46.2
Earnings per share for the period, SEK	0.77	0.76	1.08	1.05

Financial key figures, alternative performance measures and other definitions

INVISIO's financial statements include both financial key figures that are specified in current financial reporting rules, alternative key figures ("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 monthly salary payment for the period.

Reconciliation of alternative performance measures

SEK in millions		2020 Q3	2019 Q3	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Gross profit	A	59.8	62.3	206.9	190.2	313.3
Operating expenses	B	43.4	43.6	151.6	131.1	180.7
	A-B	16.4	18.8	55.2	59.0	132.6
EBIT (Operating profit/loss)	A	16.4	18.8	55.2	59.0	132.6
Depreciation, amortization and impairment losses	B	2.7	2.5	7.4	7.5	10.0
EBITDA	A+B	19.1	21.3	62.7	66.6	142.6

SEK in millions		30/09/2020	30/09/2019	31/12/2019
Equity	A	368.2	319.9	366.0
Number of shares, thousands	B	44,098	44,098	44,098
Shareholders' equity per share, SEK	A/B	8.35	7.25	8.30
Equity	A	368.2	319.9	366.0
Number of shares after dilution, thousands	B	45,798	45,121	45,137
Shareholders' equity per share after dilution, SEK	A/B	8.04	7.09	8.11

Overview – eight past quarters

SEK in millions	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3
Revenue	95.6	66.8	137.2	109.2	200.5	116.8	123.6	118.7
Cost of goods sold	-48.3	-26.2	-50.1	-46.9	-77.4	-49.6	-43.7	-59.0
Gross profit	47.4	40.7	87.2	62.3	123.1	67.2	79.9	59.8
Operating expenses	-26.8	-39.2	-48.4	-43.6	-49.6	-52.8	-55.4	-43.4
Operating profit/loss	20.6	1.5	38.8	18.8	73.5	14.4	24.4	16.4
Net financial items	0.5	1.1	-1.3	3.2	-1.4	-0.5	-0.5	-8.2
Profit/loss before tax	21.1	2.6	37.5	21.9	72.1	13.9	24.0	8.2
Income tax	-5.1	-1.1	-9.0	-5.7	-16.7	-4.5	-5.9	-1.9
Profit/loss for the period	16.0	1.5	28.5	16.2	55.4	9.4	18.1	6.2
Cash flow from operating activities	-24.9	8.0	52.8	39.0	58.6	51.9	49.7	-66.5
Gross margin, %	49.5	60.9	63.5	57.1	61.4	57.5	64.6	50.3
Operating margin, %	21.5	2.2	28.2	17.2	36.7	12.3	19.8	13.8
Profit margin %	16.7	2.3	20.8	14.9	27.6	8.1	14.6	5.2
Equity ratio, %	82	77	76	77	76	76	72	73
Earnings per share, SEK*	0.36	0.03	0.65	0.37	1.26	0.21	0.41	0.14
Shareholders' equity per share, SEK*	6.62	6.74	6.76	7.25	8.30	9.03	8.14	8.35

* Before dilution