

# Acquisition strengthens INVISIO's growth potential

SEK in millions	2020	2019	Δ %	2020	2019	Δ %
	Q4	Q4		Full year	Full year	
Revenue	<b>172.8</b>	200.5	-14	<b>532.0</b>	513.8	4
Gross profit	<b>102.2</b>	123.1	-17	<b>309.0</b>	313.3	-1
Gross margin, %	<b>59.1</b>	61.4		<b>58.1</b>	61.0	
EBITDA	<b>45.5</b>	76.0	-40	<b>108.1</b>	142.6	-24
Operating profit/loss	<b>40.2</b>	73.5	-45	<b>95.4</b>	132.6	-28
Operating margin, %	<b>23.3</b>	36.7		<b>17.9</b>	25.8	
Profit/loss for the period	<b>27.5</b>	55.4	-50	<b>61.2</b>	101.6	-40
Earnings per share, SEK	<b>0.62</b>	1.26	-50	<b>1.39</b>	2.30	-40

“INVISIO is closing 2020 with an intensive fourth quarter, where the acquisition of Racal Acoustics represents an important milestone. It not only means an increase in INVISIO’s revenue base, but also that the company can now offer two of the market’s strongest brands. Developments in the quarter and in 2020 have meant that we have both strengthened the company and our market position, despite the exceptional conditions prevailing. All in all, INVISIO is well prepared for meeting 2021, but the challenges should not be underestimated. We are still in the midst of a pandemic, which is most likely to set its stamp at least on the first half of 2021.”

Lars Højgård Hansen, CEO

## IMPORTANT EVENTS DURING THE QUARTER

- INVISIO announced the acquisition of Racal Acoustics, a world-leading supplier of systems for communication and hearing protection for environments with constant high noise.
- INVISIO launched an in-house developed over-the-ear headset – INVISIO T7. The headset sets a new standard for submersibility, ruggedness, flexibility and hearing protection.
- The order book at the close of the quarter was SEK 123.2 million (145.0).

## IMPORTANT EVENTS AFTER THE QUARTER

- The acquisition of Racal Acoustics was completed.
- One more American elite force chose INVISIO and submitted a first order. The order value was less than SEK 20 million but is of strategic significance.
- INVISIO’s management group was expanded to include James Ewing, Managing Director of Racal Acoustics.
- The Board of Directors proposes a dividend of SEK 0.70 per share (0.85).

## Acquisition strengthens growth potential

INVISIO is closing 2020 with an intensive fourth quarter, where the acquisition of Racal Acoustics represents an important milestone in the company’s development. Sales in the period amounted to SEK 172.8 million (200.5). For the full year they increased to SEK 532.0 million (513.8). The order book totaled SEK 123.2 million (145.0) at the close of the year.

The gross margin for the quarter was 59.1 per cent (61.4). Operating profit for the quarter, which includes acquisition-related non-recurring costs of just over SEK 7 million, amounted to SEK 40.2 million (73.5) and for the full year SEK 95.4 million (132.6). The operating margin for the quarter was 23.3 per cent (36.7). Excluding acquisition-related costs it was 27.5 per cent. The full-year operating margin was 17.9 per cent (25.8). The lower operating profit both for the quarter and the full year is mainly explained by the forward-looking investments in product development and organizational development in R&D and sales that have been made.

### A stable year – despite the pandemic

We can see that several major customer projects have been somewhat delayed due to the ongoing pandemic. It has been difficult for our customers to implement field tests, while the administrative processes have taken longer than normal. In addition, trade exhibitions have been cancelled and travel restrictions have made customer visits more difficult. We can note, however, that there is a gratifying increase in the order intake of smaller orders that do not give rise to public disclosure. This is a logical consequence of a growing customer base, new product areas and a larger sales operation.

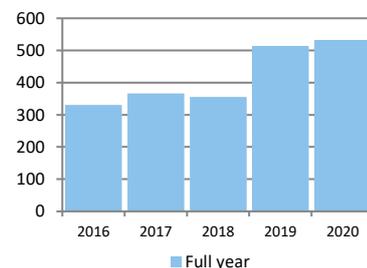
### Acquisition of Racal Acoustics

Apart from focusing on sales, we have worked actively to broaden our offer and establish ourselves in new customer segments. In both these areas we have taken important steps, through acquiring Racal Acoustics. Through the acquisition we are broadening our offer with a new, complementary product category consisting of hearing protection and communications headsets for environments with constant high noise. This type of environment is found for example in large military vehicles and around aircraft. The acquisition also gives access to new customers and partners for the new Intercom system.

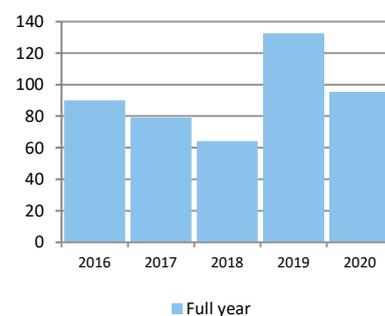
Racal Acoustics is a leader in its niche. In recent years the company has implemented a new digital product platform, which enables effective adaptation to the customer’s needs in various environments. A clear result of Racal Acoustics’ positive development is the procurement contract the company won to supply the newly-developed RA4000 Magna™ digital headset to the Danish defense forces.

Racal Acoustics will be the Group’s center of excellence for communication and hearing protection in environments characterized by a constant high noise level. INVISIO and Racal Acoustics communication solutions will be marketed by a joint sales force but under separate brands. More information about Racal Acoustics and their addressable market can be found in the “INVISIO in brief” section of the report below.

Sales (SEK million)



EBIT (SEK million)



The acquisition broadens INVISIO’s offer with a new complementary product category.



**One more American elite force chose INVISIO and submitted a first order.**

After the close of the period INVISIO received a first order from another elite force in the US Department of Defense. The order value is less than SEK 20 million, but the order has strategic significance since the rest of the world carefully studies the solutions used by American forces.

**Another elite force chose INVISIO.**

**Marketing of the Intercom system is continuing to plan**

Despite COVID-19 and travel restrictions, marketing of the Intercom system could continue essentially according to plan. In the second half of the year, we received around ten small orders from specialist units in the USA and Europe. We have also seen growing interest from the police special forces, which is gratifying. Taken together, these initial orders constitute important references for us in both the USA and Europe.

**INVISIO received around ten small orders from specialist units in the USA and Europe.**

**Continued focus on law enforcement and security**

The focus on strengthening the sales organization and an increase in the number of distribution partners in the USA and Europe targeting law enforcement and security has continued in 2020.

**Sound growth in new markets**

Fully in line with our strategy, during the year we have addressed new geographical markets in Asia, the Middle East and South America. During the year we received a number of new, small orders, which we believe can lead to larger orders later. 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.

**Stronger position and a clear forward strategy**

In line with our strategy, in recent years INVISIO has increased investments in R&D and the sales organization, as well as actively working to broaden the product portfolio. These investments continued in 2020. The increased investments aim to ensure the ability to maintain a good growth rate also in the future. The investments have meant that in 2020 we grew by 24 employees, mainly in R&D and sales.

**INVISIO is entering 2021 with a clear strategy, stable operations and two leading brands.**

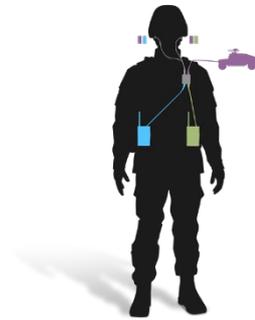
All in all, INVISIO is developing into a larger company with a wider geographical spread and considerably broader product portfolio. Even if the challenges in the business environment are great, it is my belief that we are well equipped to face 2021.

In the current year there will be great focus on integrating Racal Acoustics. We will also continue the long-term investments, both in our new Intercom system and in addressing the law enforcement and security market.

*Lars Højgård Hansen, CEO*

## INVISIO in brief

The INVISIO Group 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. The INVISIO Group markets its communication systems under two leading brands: INVISIO and Racal Acoustics.



### The offer – the personal systems and the Intercom system

After the acquisition of Racal Acoustics, INVISIO offers two types of personal system. Both enable effective communication while protecting the user's hearing against noise and loud sounds – without compromising situational awareness. INVISIO's system is developed primarily for users on foot, while the Racal Acoustics system mainly targets users in vehicles and operating in environments with a constant high noise level.

INVISIO's Intercom system was developed for portable use or mounting in vehicles, boats and helicopters. It is intended to simplify and improve effectiveness of communication for users regardless of mode of transport. The system is used together with INVISIO's personal communication system and in future also with Racal Acoustics' solutions.

### 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 14 billion.

At present more than 90 per cent of INVISIO's revenue comes from European and American defense customers. However, the company sees steadily increasing business opportunities within the law enforcement market and also in new geographical markets.

### Market for the personal systems

#### Military and defense market for INVISIO's 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 and whose soldiers have access to advanced radio communications during operations. About two million potential users are serving in these countries' defense forces. 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.

There are currently more than 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.

INVISIO's personal system reduces harmful noise while amplifying weak sounds and retaining the user's ability to perceive sound direction.

The annual value of INVISIO's total addressable market after the acquisition is about SEK 14 billion.

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

### **The law enforcement and security market for INVISIO's 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.

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 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.

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

### **The market for Racal Acoustics' personal system**

Racal Acoustics users are mainly crews and passengers in large military vehicles, above all in Europe and the USA but also in some selected other countries. Industry statistics show that altogether there are about 1.2 million positions/seats in relevant vehicles and markets, which need a "high-noise headset" for communication and hearing protection.

The value of the global addressable military market is estimated to be about SEK 7.0 billion. As a rule, customers carry out procurements at 15-year intervals, which means that the average annual target market is worth about SEK 0.5-0.7 billion. The estimates do not include the markets for rescue services and aviation, which are also relevant areas for Racal Acoustics solutions.

**The annual addressable market for Racal Acoustics' personal system is worth SEK 0.5-0.7 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 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.

**The annual addressable total market for INVISIO's Intercom system is worth SEK 7.0 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.

## 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 a new solution for internal communication in vehicles, boats and helicopters.

The competition situation for Racal Acoustics is characterized by the market holding few competitors. Apart from the company itself, there are another three or four relevant suppliers. Racal Acoustics is the market leader within its niche.

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 from the headquarters in Copenhagen and via our own sales offices in the USA, France and Italy, as well as via the Racal Acoustics office in the United Kingdom. Sales are also via a global network of partners and resellers. Major business transactions are normally 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 (CAGR) have grown annually by just over 18 per cent and the average operating margin has been just over 22 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 law enforcement.**



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

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

## Sales and profit

### Fourth quarter 2020

Sales in the fourth quarter were SEK 172.8 million (200.5), which means a decrease of 14 percent compared to the corresponding period last year. The lower sales are partly a consequence of sales then being at a record high, but also of customer projects being delayed due to the ongoing pandemic.

In comparable currencies sales decreased by 8 per cent. Sales on international markets are mainly in USD, EUR and GBP. INVISIO hedges large orders to offset currency fluctuations in the short term.

INVISIO notes that the percentage of sales related to existing customers, and that do not give rise to public disclosure, continues to grow. This is a logical consequence of an increasingly large and growing customer base and a broader customer offer.

The order intake in the quarter was SEK 125.6 million (269.0). At the close of the period the order book amounted to SEK 123.2 million (145.0).

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 102.2 million (123.1) and the gross margin was 59.1 per cent (61.4). 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 61.9 million (49.6).

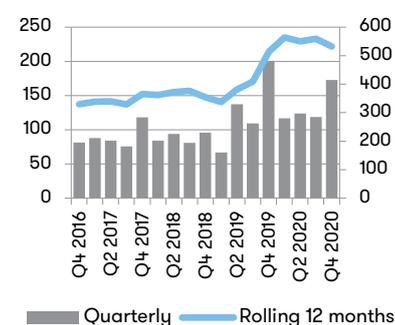
During the quarter development costs of SEK 4.0 million (8.5) were capitalized. Operating expenses include depreciation of capitalized development costs of SEK 3.5 million (1.0). The increased depreciation is due to the fact that a number of major development projects have been finished and products have been completed in accordance with the company's growth strategy.

Operating profit and operating margin for the quarter were SEK 40.2 million (73.5) and 23.3 per cent (36.7). The operating profit for the quarter includes acquisition-related non-recurring costs of just over SEK 7 million. The operating margin for the quarter excluding acquisition-related costs was 27.5 per cent. The lower operating margin for the quarter compared with the corresponding period of the previous year is mainly a consequence of forward-looking investments in product development and organizational development in R&D and sales.

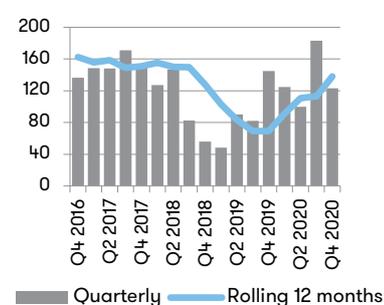
Net financial income was SEK -1.4 million (-1.4).

Profit before tax amounted to SEK 38.9 million (72.1) and profit for the period was SEK 27.5 million (55.4). Earnings per share were SEK 0.62 (1.26).

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



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



## Full year 2020

Sales for the full year 2020 amounted to SEK 532.0 million (513.8), an increase of just over 3 per cent. After currency adjustment growth was 7 percent.

Gross profit was SEK 309.0 million (313.3) and the gross margin was 58.1 per cent (61.0).

Operating expenses for the full year 2020 were SEK 213.6 million (180.7). The increase refers to a larger organization and increased activities in accordance with the growth strategy. The number of employees has increased by 24 per cent and at the close of the quarter was 125 (101).

During the period development costs of SEK 19.1 million (39.6) were capitalized.

Operating expenses include depreciation of capitalized development costs of SEK 6.4 million (4.0).

Operating profit for the period was SEK 95.4 million (132.6) and the operating margin was 17.9 per cent (25.8).

Net financial income was SEK -10.5 million (1.5). 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 84.9 million (134.1) and profit for the period was SEK 61.2 million (101.6). Earnings per share were SEK 1.39 (2.30).

## Cash flow, investments and financial position

### Cash flow and investments

The Group's cash flow for the full year 2020 was SEK 20.7 million (83.4), of which cash flow from operating activities was SEK 85.6 million (158.4) and cash flow from investing activities was SEK -25.4 million (-40.8). Cash flow from financing activities was SEK -39.5 million (-34.2), of which SEK -37.5 million (-30.9) was dividend paid.

In 2020 the Group's investments amounted to SEK -25.4 million (-40.8), of which SEK -19.1 million (-39.6) was capitalized development costs and SEK -6.2 million (-0.6) was net investment in property, plant and equipment.

The inventory value amounted to SEK 115.7 million (95.6) 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 157.7 million (145.1). 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 378.9 million (366.0), which gave an equity/assets ratio of 73 per cent (76).

## Parent company

Net sales for the parent company for the full year 2020 amounted to SEK 0.1 million (0.1). The operating profit was SEK -8.6 million (-7.7). Net financial income was SEK 160.3 million (0.8). Dividend from subsidiaries was SEK 160.0 million (0.0). Profit for the period amounted to SEK 151.6 million (-6.8).

At the close of the quarter the parent company's cash and bank balances amounted to SEK 38.9 million (34.1). Equity amounted to SEK 232.3 million (114.6), which gave an equity/assets ratio of 98 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 125 (101) at the close of the period. Of the employees, 103 were men (81) and 22 women (20).

## 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.

### Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 0.70 per share be distributed for 2020 (0.85).

According to the dividend policy adopted by the Board, the dividend size must take into account INVISIO's long-term growth and earnings trend as well as capital needs, taking financial targets into consideration. The dividend target is that it should constitute 25 to 50 per cent of profit after tax.

### Review

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

### Annual General Meeting 2021

In view of the extraordinary situation due to the COVID-19 pandemic, INVISIO's Annual General Meeting on 28 April 2021 will be conducted through advance voting (postal voting). No meeting will be held allowing attendance in person or by proxy, the Annual General Meeting will be held without physical participation.

Shareholders wishing to have a matter considered at the Annual General Meeting can send a written request by email to [ir@invisio.com](mailto: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

Interim report January - March 2021	April 28, 2021
Annual General Meeting 2021 (Conducted via postal voting)	April 28, 2021
Interim report January - June 2021	July 22, 2021
Interim report January-September 2021	October 28, 2021

The annual report for the 2020 financial year will be available on the website [www.invisio.com](http://www.invisio.com) at the latest three weeks before the Annual General Meeting.

Interim reports and annual reports are available at the website.

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Stockholm, February 15, 2021.

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 February 15, 2021, 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 Monday, February 15, at 15.00, when the President and CEO Lars Højgård Hansen will present INVISIO's Year-end Bulletin for 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: 694 0578**

## Webcast

To follow the presentation online, use the link below:

<https://edge.media-server.com/mmc/p/8vnam9ea>



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

SEK in millions	Note	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Revenue	2	172.8	200.5	532.0	513.8
Cost of goods sold		-70.6	-77.4	-222.9	-200.5
<b>Gross profit</b>		<b>102.2</b>	<b>123.1</b>	<b>309.0</b>	<b>313.3</b>
Operating expenses*		-61.9	-49.6	-213.6	-180.7
<b>Operating profit/loss</b>		<b>40.2</b>	<b>73.5</b>	<b>95.4</b>	<b>132.6</b>
Net financial items		-1.4	-1.4	-10.5	1.5
<b>Profit/loss before tax</b>		<b>38.9</b>	<b>72.1</b>	<b>84.9</b>	<b>134.1</b>
Income tax	3	-11.4	-16.7	-23.7	-32.5
<b>Profit/loss for the period</b>		<b>27.5</b>	<b>55.4</b>	<b>61.2</b>	<b>101.6</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<i>Items that may subsequently be reclassified to profit and loss</i>					
Translation differences		-17.7	-9.7	-14.4	1.8
<b>Comprehensive income for the period</b>		<b>9.7</b>	<b>45.7</b>	<b>46.8</b>	<b>103.4</b>
<i>(Profit/loss attributable to equity holders of the parent company.)</i>					
*Depreciation incl. in operating expenses		-5.2	-2.5	-12.7	-10.0

	2020 Q4	2019 Q4	2020 Full year	2019 Full year
<b>Per-share data</b>				
Earnings per share, SEK	0.62	1.26	1.39	2.30
Earnings per share after dilution, SEK	0.68	1.25	1.37	2.30
Shareholders' equity per share, SEK	8.59	8.30	8.59	8.30
Shareholders' equity per share after dilution, SEK	8.28	8.11	8.28	8.11
Equity ratio, %	73	76	73	76
Number of shares, thousand	44,098	44,098	44,098	44,098
Average number of outstanding shares, thousand	44,098	44,098	44,098	44,098
Average number of outstanding shares after dilution, thousand	45,798	45,137	45,578	44,943
Share price at end of period, SEK	250.00	101.80	250.00	101.80

# Condensed consolidated statement of financial position

SEK in millions

<b>Assets</b>	<b>Note</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Capitalized development costs		94.8	85.6
Equipment		4.1	3.1
Right-of-use assets, leases	4	24.0	25.3
Deposits for rent, long-term		2.3	2.3
Deferred tax assets	3	2.8	1.8
Inventories		115.7	95.6
Trade receivables		100.4	111.0
Other short-term receivables		14.0	10.0
Cash and cash equivalents		157.7	145.1
<b>Total assets</b>		<b>515.8</b>	<b>479.7</b>

## Shareholders' equity and liabilities

Shareholders' equity		378.9	366.0
Lease liabilities	4	23.8	25.9
Deferred tax liabilities	3	20.5	6.5
Trade payables		35.3	29.8
Other current liabilities		57.3	51.5
<b>Total shareholders' equity and liabilities</b>		<b>515.8</b>	<b>479.7</b>

<b>Condensed consolidated statement of changes in equity</b>	<b>2020</b>	<b>2019</b>
	<b>Full year</b>	<b>Full year</b>
Opening balance	366.0	292.0
Employee stock option program	3.5	1.5
Dividend	-37.5	-30.9
Comprehensive income for the period	46.8	103.4
<b>Closing balance</b>	<b>378.9</b>	<b>366.0</b>

## Condensed consolidated statement of cash flow

<i>SEK in millions</i>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Q4</b>	<b>Q4</b>	<b>Full year</b>	<b>Full year</b>
<b>Operating activities</b>				
Profit/loss before tax	38.9	72.1	84.9	134.1
Adjustments for non-cash items	10.8	5.4	24.0	8.7
Income tax paid	-7.0	-0.9	-12.3	-2.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>42.6</b>	<b>76.7</b>	<b>96.7</b>	<b>140.0</b>
Changes in inventories	21.4	5.7	-27.1	7.5
Changes in operating receivables	-21.6	-32.4	-1.6	2.3
Changes in operating liabilities	8.0	8.6	17.6	8.6
<i>Cash flow from changes in working capital</i>	7.8	-18.1	-11.1	18.4
<b>Cash flow from operating activities</b>	<b>50.4</b>	<b>58.6</b>	<b>85.6</b>	<b>158.4</b>
<b>Investing activities</b>				
Capitalization of development costs	-4.0	-8.5	-19.1	-39.6
Acquisition of property, plant, and equipment	-3.5	-0.1	-6.2	-0.6
Acquisition of financial assets	-0.1	-0.4	-0.1	-0.5
<b>Cash flow from investing activities</b>	<b>-7.6</b>	<b>-8.9</b>	<b>-25.4</b>	<b>-40.8</b>
<b>Financing activities</b>				
Changes in lease liabilities	-0.2	-1.8	-2.1	-3.4
Dividend paid	-	-	-37.5	-30.9
<b>Cash flow from financing activities</b>	<b>-0.2</b>	<b>-1.8</b>	<b>-39.5</b>	<b>-34.2</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>42.7</b>	<b>47.9</b>	<b>20.7</b>	<b>83.4</b>
Cash and cash equivalents at start of period	123.7	101.4	145.1	62.2
Translation differences in cash and cash equivalents	-8.6	-4.1	-8.1	-0.5
Cash and cash equivalents at end of period	157.7	145.1	157.7	145.1

## Condensed parent company income statement

SEK in millions	2020 Q4	2019 Q4	2020 Full year	2019 Full year
Revenue	0.0	0.0	0.1	0.1
Operating expenses	-2.1	-2.1	-8.7	-7.7
<b>Operating profit/loss</b>	<b>-2.1</b>	<b>-2.1</b>	<b>-8.6</b>	<b>-7.7</b>
Net financial items**	110.1	-0.8	160.3	0.8
<b>Profit/loss before tax</b>	<b>108.0</b>	<b>-3.0</b>	<b>151.6</b>	<b>-6.8</b>
Income tax	-	-	-	-
<b>Profit/loss for the period</b>	<b>108.0</b>	<b>-3.0</b>	<b>151.6</b>	<b>-6.8</b>
**Of which, dividend from subsidiaries	110.0	-	160.0	-

## Condensed parent company balance sheet

SEK in millions	31/12/2020	31/12/2019
<b>Assets</b>		
Participations in Group companies	88.9	85.4
Receivables from Group companies	108.7	-
Other current receivables	0.8	0.3
Cash and bank balances	38.9	34.1
<b>Total assets</b>	<b>237.3</b>	<b>119.8</b>
<b>Shareholders' equity and liabilities</b>		
Restricted shareholders' equity	65.7	65.7
Non-restricted shareholders' equity	166.6	48.9
Trade payables	0.6	0.3
Liabilities to Group companies	2.7	3.4
Other current liabilities	1.7	1.5
<b>Total shareholders' equity and liabilities</b>	<b>237.3</b>	<b>119.8</b>
<b>Parent company changes in shareholders' equity</b>	<b>2020 Full year</b>	<b>2019 Full year</b>
Opening balance	114.6	150.8
Employee stock option program	3.5	1.5
Dividend	-37.5	-30.9
Profit/loss for the period**	151.6	-6.8
<b>Closing balance</b>	<b>232.3</b>	<b>114.6</b>
**Of which, dividend from subsidiaries	160.0	-

# 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	
	Q4	Q4	Full year	Full year
Sweden	14.4	24.3	26.0	32.3
Europe	31.6	68.1	181.0	108.9
North America	96.5	106.2	280.1	357.9
Rest of the world	30.3	2.0	44.9	14.6
<b>Total</b>	<b>172.8</b>	<b>200.5</b>	<b>532.0</b>	<b>513.8</b>

## Note 3. Taxes

SEK in millions		
	31/12/2020	31/12/2019
<b>Deferred tax assets</b>		
Receivables attributable to other temporary differences	2.8	1.8
<b>Closing balance</b>	<b>2.8</b>	<b>1.8</b>
<b>Deferred tax liabilities</b>		
Receivables attributable to tax loss carry-forwards in Denmark	-	11.9
Liabilities attributable to capitalized development costs in Denmark	-20.9	-18.8
Receivables attributable to other temporary differences in Denmark	0.4	0.4
<b>Closing balance</b>	<b>-20.5</b>	<b>-6.5</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 loss carry forward in Denmark has been fully utilized in 2020.

The Group's total loss carry-forwards as of December 31, 2020 were SEK 130.9 million (169.5), of which SEK 0 million (54.3) has been capitalized. Unutilized loss carry-forwards amounted to SEK 130.9 million (115.2) and refer mainly to the parent company 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 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-Dec

SEK in millions	2020	2020	2019	2019
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
<b>Gross profit</b>	<b>309.0</b>	<b>309.0</b>	<b>313.3</b>	<b>313.3</b>
Operating expenses, excl. depreciation	-205.5	-200.9	-175.3	-170.7
Depreciation	-8.3	-12.7	-5.8	-10.0
<b>Operating profit</b>	<b>95.3</b>	<b>95.4</b>	<b>132.2</b>	<b>132.6</b>
Net financial items	-11.2	-10.5	2.5	1.5
<b>Profit before tax</b>	<b>84.1</b>	<b>84.9</b>	<b>134.7</b>	<b>134.1</b>

**Note 4. Leases, cont.****Effects on cash flow for the period Jan-Dec**

SEK in millions	2020	2020	2019	2019
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
<b>Operating activities</b>				
Profit/loss before tax	84.1	84.9	134.7	134.1
Adjustments for non-cash items:				
- Depreciation	8.3	12.7	5.8	10.0
- Other items	11.4	11.4	-4.1	-4.1
Cash flow from changes in working capital	-23.4	-23.4	18.4	18.4
<b>Cash flow from operating activities</b>	<b>80.4</b>	<b>85.6</b>	<b>154.7</b>	<b>158.4</b>
<b>Investing activities</b>				
Acquisition of property, plant, and equipment	-3.1	-6.2	-0.4	-0.6
Other items among financing activities	-19.2	-19.2	-40.1	-40.1
<b>Cash flow from investing activities</b>	<b>-22.2</b>	<b>-25.4</b>	<b>-40.5</b>	<b>-40.8</b>
<b>Financing activities</b>				
Change in lease liabilities	-	-2.1	-	-3.4
Dividend paid	-37.5	-37.5	-30.9	-30.9
<b>Cash flow from financing activities</b>	<b>-37.5</b>	<b>-39.5</b>	<b>-30.9</b>	<b>-34.2</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>20.7</b>	<b>20.7</b>	<b>83.4</b>	<b>83.4</b>

**Effects on selected key figures Jan-Dec**

SEK in millions	2020	2020	2019	2019
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16
EBITDA	103.6	108.1	138.0	142.6
Operating profit/loss	95.3	95.4	132.2	132.6
Operating margin, %	17.9	17.9	25.7	25.8
Profit/loss for the period	60.4	61.2	102.2	101.6
Earnings per share for the period, SEK	1.37	1.39	2.32	2.30

**Note 5. Events after the end of the financial year**

On January 29, INVISIO acquired 100 per cent of the shares in Racal Acoustics Ltd. The company develops and sells systems for communication and hearing protection in environments with constant high noise. Racal Acoustics has sales of about SEK 130 million and 55 employees. The purchase price was about SEK 170 million and financing included an acquisition credit of SEK 100 million. Acquisition-related costs in 2020 amounted to SEK 7.2 million and have been recognized as other operating expenses in the income statement.

# 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.

## Operating profit excluding acquisition costs

Operating profit excluding non-recurring acquisition costs. Non-recurring acquisition costs are one-off costs that arise in connection with acquisitions.

## Reconciliation of alternative performance measures

SEK in millions		2020 Q4	2019 Q4	2020 Full year	2019 Full year
Gross profit	A	102.2	123.1	309.0	313.3
Operating expenses	B	61.9	49.6	213.6	180.7
<b>EBIT (Operating profit)</b>	<b>A-B</b>	<b>40.2</b>	<b>73.5</b>	<b>95.4</b>	<b>132.6</b>
EBIT (Operating profit/loss)	A	40.2	73.5	95.4	132.6
Depreciation, amortization and impairment losses	B	5.2	2.5	12.7	10.0
<b>EBITDA</b>	<b>A+B</b>	<b>45.5</b>	<b>76.0</b>	<b>108.1</b>	<b>142.6</b>
EBIT (Operating profit/loss)	A	40.2	73.5	95.4	132.6
Acquisition-related non-recurring costs	B	7.2	-	7.2	-
<b>EBIT excluding acquisition-related costs</b>	<b>A-B</b>	<b>47.4</b>	<b>73.5</b>	<b>102.6</b>	<b>132.6</b>
<b>SEK in millions</b>				<b>31/12/2020</b>	<b>31/12/2019</b>
Equity	A			378.9	366.0
Number of shares, thousands	B			44,098	44,098
<b>Shareholders' equity per share, SEK</b>	<b>A/B</b>			<b>8.59</b>	<b>8.30</b>
Equity	A			378.9	366.0
Number of shares after dilution, thousands	B			45,758	45,137
<b>Shareholders' equity per share after dilution, SEK</b>	<b>A/B</b>			<b>8.28</b>	<b>8.11</b>

## Overview - eight past quarters

SEK in millions	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Revenue	66.8	137.2	109.2	200.5	116.8	123.6	118.7	172.8
Cost of goods sold	-26.2	-50.1	-46.9	-77.4	-49.6	-43.7	-59.0	-70.6
<b>Gross profit</b>	<b>40.7</b>	<b>87.2</b>	<b>62.3</b>	<b>123.1</b>	<b>67.2</b>	<b>79.9</b>	<b>59.8</b>	<b>102.2</b>
Operating expenses	-39.2	-48.4	-43.6	-49.6	-52.8	-55.4	-43.4	-61.9
<b>Operating profit/loss</b>	<b>1.5</b>	<b>38.8</b>	<b>18.8</b>	<b>73.5</b>	<b>14.4</b>	<b>24.4</b>	<b>16.4</b>	<b>40.2</b>
Net financial items	1.1	-1.3	3.2	-1.4	-0.5	-0.5	-8.2	-1.4
<b>Profit/loss before tax</b>	<b>2.6</b>	<b>37.5</b>	<b>21.9</b>	<b>72.1</b>	<b>13.9</b>	<b>24.0</b>	<b>8.2</b>	<b>38.9</b>
Income tax	-1.1	-9.0	-5.7	-16.7	-4.5	-5.9	-1.9	-11.4
<b>Profit/loss for the period</b>	<b>1.5</b>	<b>28.5</b>	<b>16.2</b>	<b>55.4</b>	<b>9.4</b>	<b>18.1</b>	<b>6.2</b>	<b>27.5</b>
Cash flow from operating activities	8.0	52.8	39.0	58.6	51.9	49.7	-66.5	50.4
Gross margin, %	60.9	63.5	57.1	61.4	57.5	64.6	50.3	59.1
Operating margin, %	2.2	28.2	17.2	36.7	12.3	19.8	13.8	23.3
Profit margin %	2.3	20.8	14.9	27.6	8.1	14.6	5.2	15.9
Equity ratio, %	77	76	77	76	76	72	73	73
Earnings per share, SEK*	0.03	0.65	0.37	1.26	0.21	0.41	0.14	0.62
Shareholders' equity per share, SEK*	6.74	6.76	7.25	8.30	9.03	8.14	8.35	8.59

\* Before dilution