

# Invuo Interim Report Fourth Quarter of 2017

2017



TECHNOLOGIES AB

Corp. ID no.: 556610-2660

# INTERIM REPORT, FOURTH QUARTER OF 2017

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## October– December 2017

The numbers refer to the remaining operations

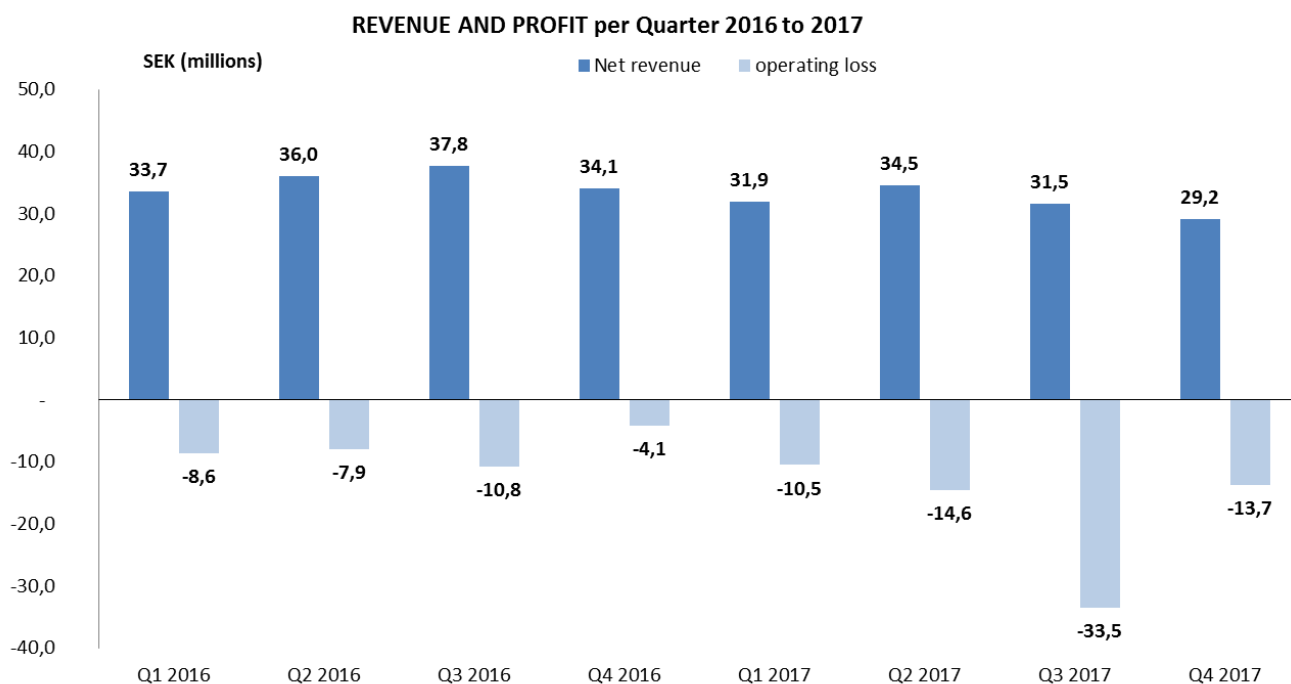
- Q4 marked the final period of major restructuring, “cleaning up”, and legacy issue resolution, initiated in July 2017.
- Net sales for the period SEK 29 million (34)
- Operating result for the period after nonrecurring items attributable to restructuring SEK -15 million
- Operating loss for the period SEK -13,7 million (-4,1)
- Loss after tax for the period SEK -27 million (-6)
- Earnings per share SEK -0,46 (-0.10)
- Cash flow before changes in working capital for the period SEK -46,1 million (-9,1)

## Full year 2017 – Highlights

The numbers refer to the remaining operations

- Net sales for the period SEK 127 million (141)
- Operating result for the period after nonrecurring items attributable to restructuring SEK -51 million
- Operating loss for the period SEK -72,2 million (-31)
- Loss after tax for the period SEK -118 million (-35)
- Earnings per share SEK -2,01 (-0,67)
- Cash flow before changes in working capital for the period SEK -137 million (-67,4)
- The Board of Directors proposes that the Annual General Meeting not pay any dividend for the financial year 2017

Overview	Oct-Dec	Oct-Dec	Full-Year	Full-Year
All numbers and key figures are the remaining operation				
SEK thousand	2017	2016	2017	2016
Net sales	29 161	34 064	127 157	141 533
Operating result without non-recurring items attributable to restructuring	-15 270	-8 137	-51 257	-35 391
Operating result	-13 676	-4 137	-72 231	-31 391
Financial net and taxes	-13 520	-1 965	-46 085	-3 396
Result from divested operations and operations under sale	-29 453	-16 915	50 590	-52 141
Loss for the period	-27 359	-6 102	-118 316	-34 787
Balance sheet total	163 189	251 284	163 189	251 284
Earnings per share, basic and diluted*	-0,46	-0,10	-2,01	-0,67
Operating margin	neg	neg	neg	neg
Equity ratio	67%	54%	67%	54%
Capitalized development costs	2 671	-	4 593	-
Depreciation/Write down	124	-680	-14 037	-2 644
Non-recurring items	1 594	4 000	-20 974	4 000



## CEO's COMMENT

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The fourth quarter of 2017 saw the completion of key strategic objectives, as well as critical financing and product success factors. The transformation of the company into a pure B2B enterprise was achieved via the agreement to sell SEQR. Additionally, with the support of our largest shareholders, Invuo was able to raise sufficient financing via the December rights issue, for us to meet key operational objectives, as well as discharge ongoing legacy costs. During the fourth quarter, eProducts continued its progress to moving toward breakeven. Critically, MeaWallet developed strong momentum going into year-end, and signed a number of breakthrough orders, positioning the company strongly for a significant increase in signed orders in 2018.

Invuo ended 2017 as a much smaller enterprise than at the beginning of the year. The key focus going forward is 'profitable traction'. For MeaWallet, the mobile payments market developed slowly in Europe until 2017, and Europe now has to catch up with 'developing' nations like Kenya, China and India. Whilst some value chains are well established, European financial enterprises are now making strategic choices as to how to meet the threat of disintermediation by companies like Apple. MeaWallet achieved 15% market share in 2017 in Europe, and we aim to at least maintain that in 2018 in a rapidly growing market. eProducts has some excellent products and markets, but in the core Swedish market, all suppliers have suffered multi-year losses due to unsustainable competitive behaviors. eProducts is on a clear path to sustainable profitability, and a focus on profitable growth opportunities, whilst aggressively withdrawing from loss-making activities and clients. Our vendors in Sweden are also enforcing behavior change in the market, and we believe a superior standing with our suppliers will give us opportunities going forward.

Our keys goals for 2018 are to sign profitable orders in both divisions, and solidify the company's financial position via internal efforts.

John Longhurst

CEO

## Significant events during the quarter

- MeaWallet signs new agreement with Norwegian bank for delivery of the Mea Token Platform service. For MeaWallet as a Norwegian company, an agreement with a domestic bank is an enormously important validation of the company's offer and an important reference because MeaWallet builds a strong pipeline of international customers.
- Objective of patent infringement is written off. The reason behind the dismissal of the case is that the parties have reached a financial settlement in favour of Invuo.
- At the Extraordinary General Meeting on November 24, decisions were made on the following:
  - Tomas Jalling was appointed new Chairman of the Board.
  - change of company name to Invuo Technologies AB and thus amendment of the Articles of Association
  - new issue of shares with preferential rights for existing shareholders.
- Invuo appoints John Longhurst as CEO.
- MeaWallet A/S has signed an agreement with First Investment Bank AD in Bulgaria to deliver the Mea Token platform for implementation of the second technology level gene. The contract's order value corresponds to 300,000 Euro over a five-year period.
- MeaWallet A/S has signed an agreement with Spanish credit institution Oney España for delivery of MeaWallet's proprietary technology for contactless card payments. The contract's order value is within the normal range of MeaWallet deliveries to single card networks, ie. between 200,000 and 350,000 Euro over a three-year period.
- The completed rights issue shows that the total number of shares will increase by 23,319,650 shares. Thus, the rights issue has been subscribed to 39.70 percent. Through the rights issue, Invuo will be supplied approximately SEK 42 million before deduction of issue costs. The rights issue has increased the number of shares and votes in Invuo to 82 084 955.
- Seamless Distribution AB has On 20 December changed its trade name to Invuo Technologies AB by registration of new articles of association.
- At the end of the year, the subsidiary SEQR was sold to Glase FinTech AB "Glase", which acquired all shares in SEQR Group AB (and all its subsidiaries) for a cash consideration of SEK 8 million. The sale of SEQR confirms the new strategic focus that was decided at the Extraordinary General Meeting in November 2017 and means that Invuo focuses entirely on B2B. By selling SEQR, instead of decommissioning the business area, Invuo expects a cost savings of approximately MSEK 20 and the heavy monthly net cash burn will be stopped.
- MeaWallet A/S has signed an agreement with Swedbank Support OÜ for delivery of MeaWallet's non-contact card payment technology in the Latvian, Lithuanian and Estonian markets. The contract's order value is between 500,000 and 600,000 Euro over a three-year period.
- Invuo supplied SDS an unconditional shareholder contribution of SEK 15M through write-down of existing loans from SEK 50m to SEK 35m. The interest rate on the loan is increased from 8 percent to 10 percent per annum.

## Significant events after the end of the reporting period

- As a result of the completion of the divestment of SEQR, on January 10, the new operational management was announced, which will be responsible for implementing Invuo's B2B strategy. The new management, under John Longhurst, CEO, consists of Martin Schedin and Lars Sandtorv (Head of MeaWallet), and Jonas Lundgren (Head of eProducts).
- MeaWallet A/S, has signed an agreement with a major bank in the Nordic region for delivery of MeaWallet's technology for converged wallet, i.e. mobile contactless payments to that specific Nordic country. The contract value is approximately E700,000.



## CONSOLIDATED

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(The group now refers to the new group that includes the segments MeaWallet (MEA B2B), eProducts and Group functions)

### Revenue and result

Invuo's revenues during the third quarter amounted TSEK 29 161 (34 064), which is a decrease with 14 % compared with the same period of the previous year. The sales are distributed between the business segment eProducts, with 93 (96) % and 7 (4) % from the business segment MEA B2B.

The consolidated operating loss amounted to TSEK -13 676 (-4 137) in the third quarter. Financial items for the third quarter amounted to TSEK -14 050 (-1 286). Earnings per share amounted to SEK -0.46 (-0.10) for the quarter.

### Personnel

The Group had a total of 39 (37) employees at end of the quarter. In addition, Invuo has approximately 2 consultants.

### Investments

**The figures refer to remaining and discontinued operations.**

During the quarter, investments have been made in a total amount of TSEK 29 073 (-18 978).

### Cash flow and financial position

**The figures for cash flow refer to remaining and discontinued operations.**

Cash flow from operating activities amounted to TSEK -68 286 (2 460) for the fourth quarter. Cash equivalents amounted at the end of the quarter to TSEK 3 443 (8 663).

**The company has no interest-bearing liabilities to banks or other credit institutions.**

The board continually assesses the funding situation for the group and can use various methods for financing the current negative cash flow. Invuo has assets in its divested subsidiary SDS in the form of a loan of MSEK 35 with 10% interest and 1.6 million shares. The Company's current cash and operating cash flow are not sufficient to carry out operations over the next 12 month period. Additional funding or realization of assets will have to take place.

Invuo has an equity ratio of 67 (54) %.

### Taxes

In 2017 the company wrote down the deferred tax assets, 27 757 TSEK, as a consequence of the disposal of SDS.

### Parent Company

The parent company's net sales for the quarter amounted to SEK 1 017 thousand (1 650) and net financial result amounted to SEK -74 781 thousand (-37 584). Net gains/losses in the parent company from financial items amounted to SEK -67 889 thousand (-35 439). The parent company had bank deposits/cash on hand in the amount of SEK 1 206 thousand (25). The parent company had 1 (2) employees at the close of the quarter.



## Transactions with closely related parties

The subsidiary eProducts Latvia was sold to Edgars Smalin's former head of eProducts Latvia in December. The sale leads to a saving of approximately SEK 500,000 to the Invuo Group.

During the quarter, Invuo also contributed an unconditional shareholder contributions to SDS of MSEK 15 by a write-down of existing loans from MSEK 50 to MSEK 35. The interest rate on the loan is increased from 8 percent to 10 percent per annum.

## OTHER

### Accounting Policies

This quarterly report has been prepared in accordance with IAS 34, Interim Financial Reporting, which is consistent with Swedish law via the application of the Swedish Financial Reporting Board's Recommendation RFR 1, Supplementary Accounting Policies for Groups, and RFR 2, Accounting for Legal Entities, in regard to the parent company. The same accounting policies, definitions of key figures, and methods of computation have been applied as in the most recent annual report for both the Group and the Parent Company, unless otherwise noted below. The company has evaluated the impact of the introduction of the new IFRS 9 Financial Instruments and IFRS 15 Proceeds from agreements with customers, both of which are applicable from January 1, 2018, and can not be expected to have a significant impact on the Group.

### Discontinued operations

Disposal groups are classified as assets held for sale when their carrying amounts will mainly be recovered through a sale transaction and a sale is considered highly likely. They are recognized at the lower of the carrying amount and fair value less selling expenses. Deferred tax assets, assets attributable to compensation to employees, financial assets, investment properties and contractual rights in insurance agreements are, however, exempt from this valuation requirement.

The Group recognizes a loss on the basis of a decrease in value for every initial and subsequent impairment of the asset (or disposal group) to the equivalent of fair value less selling expenses. A gain is recognized for every subsequent increase in the fair value less selling expenses, but not to an amount higher than the accumulated value of impairment losses previously recognized. A gain or loss that was not previously recognized when a fixed asset (or disposal group) is sold shall be recognized as of the date the asset or disposal group is removed from the statement of financial position.



## Divestment of subsidiaries

### SEQR Business to Consumer segment (B2C)

The business area SEQR was sold to Glase FinTech AB on 21 December. The purchase price amounted to SEK 8 m. By selling SEQR, Invuo expects a cost savings from January 1<sup>st</sup> 2018 of approximately MSEK 20, and a reduction of monthly cash burn in the region of MSEK 2.0-2.5m.

### eProducts Latvia

eProducts Latvia was sold, On 18 December, to Edgars Smalin's former Head of eProducts Latvia. In recent years, this company has shown a negative result and a negative cash flow. The sale leads to a saving of approximately SEK 500,000 to the Invuo Group.

### SDS

Seamless Distribution Systems AB ("SDS") was sold to existing and new shareholders through a listing on First North Premiere. Invuo was granted new capital of SEK 191 million and the capital gain amounted to SEK 179 million. Invuo owns 23.3% of SDS and a claim in the form of a long-term loan (5 years) of SEK 35 million which has an interest of 10%.

The report of the total result of divestment group 2017 is presented in the table below.

Report of results in divestment group	2017	2017	2017	2017
	Jan-dec 2017	Jan-dec 2017	Jan-dec 2017	Jan-dec 2017
tkr	SEQR B2C	eProducts Latvia	SDS	Total
Net sales	1 795	24 961	39 484	66 240
Other operating income	1 391	0	-226	1 165
Material costs	-5 235	-24 038	-1 634	-30 907
Other external costs	-27 282	-1 188	-11 120	-39 590
Personnel costs	-30 574	-234	-7 965	-38 773
Depreciation	-58 190	0	-1 419	-59 609
Other operating costs	-921	-50	-7 138	-8 107
<b>Operating result</b>	<b>-119 016</b>	<b>-549</b>	<b>9 982</b>	<b>-109 581</b>
Financial net	26 680	-16 455	150 566	160 791
<b>Profit before tax</b>	<b>-92 336</b>	<b>-17 004</b>	<b>160 548</b>	<b>51 210</b>
Income tax	-720	102	0	-618
<b>Profit for the period from divested operations</b>	<b>-93 056</b>	<b>-16 902</b>	<b>160 548</b>	<b>50 590</b>

## Significant risks and uncertainties in the business activities

Invuo's business operations are affected by a number of external factors where various risk factors may have an impact on the Company. These risk factors may result in an impact on the Company's ability to achieve its business objectives or targets. Invuo is in need of additional liquidity. The Board continually assesses the funding situation for the group and can use various methods for financing the current negative cash flow.

This report contains forward looking statements that are based on Invuo's management's current expectations. Even though management believes that the expectations which are stated in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, future results could materially differ from those stated or implied in the forward-looking information due to, among other

things, changes in economic, market and competitive conditions, changes in the regulatory environment and other political or governmental measures, fluctuations in exchange rates, and other factors.

The Parent Company has ongoing tax litigation with the Swedish Tax Authorities. The maximum exposure is SEK 6 million. The amount is paid in and an appeal has been sent in by the Company. One of the subsidiaries of the Group has an ongoing tax audit.

For further reference, please refer to the statement in the latest Annual Report on its pages 19-21 and 68.

## BUSINESS SEGMENTS

Invuo operations consisted of Q2 2017 of three business areas - SDS/Transaction Switch, eProducts and SEQR. As part of Invuo's new strategy to refine the Group, management has decided to segment our result in a new way. New segments are MEA B2B and eProducts. Group functions relate to non-allocated expenses. The company chooses to show the operating result without non-recurring items attributable to restructuring as well as total operating result.

Net Sales, SEK thousand						
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec	Oct-Dec	Jan-Dec
	2017	2016	2017	2016	2017	2017
MEA (B2B)	2 085	1 310	8 774	2 399	59%	266%
eProducts	27 076	32 783	118 383	139 134	neg	neg
Group functions	-	-29	-	-	-	-
Invuo Group	29 161	34 064	127 157	141 533	neg	neg

Operating Result, SEK thousand						
without one-offs attributable to restructuring	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec	Oct-Dec	Jan-Dec
	2017	2016	2017	2016	2017	2017
MEA (B2B)	-6 521	-2 125	-15 624	-4 590	neg	neg
eProducts	-422	-374	-2 098	-1 034	neg	neg
Group functions	-8 327	-5 638	-33 535	-29 767	neg	neg
Invuo Group	-15 270	-8 137	-51 257	-35 391	neg	neg

Operating Result, SEK thousand						
Total	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec	Oct-Dec	Jan-Dec
	2017	2016	2017	2016	2017	2017
MEA (B2B)	-11 422	1 875	-24 524	-590	neg	neg
eProducts	-420	-374	-4 551	-1 034	neg	neg
Group functions	-1 834	-5 638	-43 155	-29 767	neg	neg
Invuo Group	-13 676	-4 137	-72 231	-31 391	neg	neg

## MeaWallet

MeaWallet is a digital vendor helping banks digitize their payment products. Our digital payments platform enables banks and card issuers with card tokenization and digitization for easier and more secure payments in-store, in-app or online. Our platform is used by our customers to enable support for Apple Pay and other Pays, as well as mobile payments in the customers' existing app. They also use our platform for enabling Masterpass, a Mastercard product for easier and more secure in-app and online payments.

MeaWallet is the back-end and mobile technology that connects the issuer with multiple card schemes, namely Mastercard, Visa and Amex. By leveraging our pre-certified components, we can offer a single API connection for the issuer, drastically reducing the efforts and costs for integration, maintenance and certification.

Our customers choose us not only because of our technology but also for our expertise and experience. We guide and advice our customers through the project leveraging experience from multiple implementations across Europe and learnings from serving end-users in 22 countries.

Our main focus in 2017 has been Europe, and contracts have been secured in Europe as well as the Middle East. MeaWallet aim to be among the most successful technical vendors within mobile and digital payment, first in Europe, before we enter into new regions.

### The market is becoming more mature

MeaWallet works mainly with card issuing banks, Consumer Credit providers and other card issuers, like Retailer chains, gas stations chains and airlines.

During the last 6 weeks of 2017, MeaWallet signed 4 contracts with Banks. MeaWallet is currently delivering 7 projects in parallel. These projects are with Mastercard, Visa and/or American Express. MeaWallet plans to sign 20 new contracts in 2018. MeaWallet is among the leading mobile and digital technology providers in Europe.

The addressable European market includes approximately 6.000 banks and 6.000 other card issuers. Most of them are likely to go mobile within the next 2-4 years.

We see that the typical lead time for a contract with a mid-size bank has been reduced from 9 - 18 months, down to 3 – 9 months. Some contracts with other card issuers have significantly shorter lead time.

All projects are now on track. Sales were according to our forecast for Q4-2017 and the pipeline has grown, giving confidence in our goal to reach 20 contracts in 2018. The strong pipeline in combination with a market which is now ready to invest and understands the potential of these products means that it is no longer a question about if, but rather when, an accelerated contract signing will be seen.

### MeaWallet product portfolio

MeaWallet is the "one-stop-shop" for mobile and digital payments, enabling payments for mobile, tablets and wearables. We support all major ways of transacting; in-store, online and in-app payments. MeaWallet provides the services either as Managed Services or as a local Licensed Software installation. We will be the single point of contact the banks and card issuers need to get connected to the mobile/digital network.

- **Mea Token Platform (MeaTP)** enables Issuers' apps and third-party wallets with tokenization/HCE. Integrated with MDES/VTs, MeaTP serves as a connectivity hub to the wallet application, ensuring digital card issuance and life cycle management.

- **Masterpass by Mea** improves the consumers experience when shopping online and in-app by using previously securely stored card and user credentials. MeaWallet can help Issuers launch their own branded Masterpass eWallet, mWallet and converged wallet.
- **Converged Wallet by Mea.** MeaWallet provides a Converged Wallet solution that enables in-store, online and in-app payments in one single mobile experience. Combining MeaTP and Masterpass, the Issuer's application can be used for digital payments at any merchant accepting Masterpass, Digital Secure Remote Payments (DSRP) or contactless payments.
- **New products.** We are constantly developing new products to meet changes in the payment industry, for launch in 2018.

## Certifications

MeaWallet has been certified by Mastercard since the beginning of 2016. We achieved Mastercard Gold certification in Q3 2017. MeaWallet is now ranked as MasterCard's number 7 in the world with this status. Our target is to become top4 on the list in 2018.

MeaWallet is also running projects with both Visa and AmEx, and we will receive both Visa certifications and AmEx certifications early in 2018. MeaWallet will then be one out of 2 companies in the world with all these 3 certifications.

As a part of the product portfolio MeaWallet can also enable any banks or card issuer to be able to issue their digital cards into any OEM-Pay (Apple Pay, Android Pay, Samsung Pay, FitBit, Garmin, ++).



## eProducts/Distribution

Seamless eProducts Sweden (under name change to Invuo eProducts Sweden), with its subsidiary Seamless eProducts Denmark (under name change to Invuo eProducts Denmark) includes the physical and electronic distribution of eProducts such as the Distribution of electronic cash-cards (top-up codes) and other electronic products via retailers, banks and online channels.

The company connects all mobile operators and banks in order for consumers to be able to buy top-ups for their cash-cards via the banks' channels: mobile bank, Internet bank and telephone bank.

Globally, there are two distribution technologies for mobile top-up: eVoucher and Direct TopUp - where the company offers both in one technical platform.

### Financial Results

The Q4 result for the business segment was not as positive as that of the corresponding quarter in 2016; this is primarily due to restructuring costs within the organization.

Turnover contracted compared with the corresponding quarter of 2016 where the general market trend is downwards. Sales volumes within the bank channel remain stable however.

The restructuring being undertaken is intended to lead to a positive result for eProducts for the whole of 2018, both with regard to the financial result and to cash-flow.

One measure taken to achieve a positive result in 2017 was the sale of the subsidiary Seamless eProducts Latvia. With this objective eProducts is being strengthened for the future and that, in turn, means the opportunities for extending the portfolio are also enhanced which, in the long-term, means increased opportunities for reaching out to new markets.

### Sweden

There is still a steady inflow of shops newly contracted to the Swedish business although the overall volumes are easing back a little despite this. The activity level via retail continues to be high with product exposure as the foremost focus while, at the same time, dialogue relating to cooperation in respect of established brands is ongoing.

### Denmark

The establishment of eProducts on the Danish market is continuing, albeit at a slightly slower pace than planned, but with new stores joining and with ongoing negotiations with established chains underway.

### Latvia

As the Latvian operation has historically faced great challenges in terms of profitability, the company has been sold. The sale of the Latvian company will help the eProducts business area deliver a positive result in 2018. Through the sale, the company will save about 500 TSEK.

### Bank topup

In the Swedish market, cooperation with Mobile operators and Banks has helped the company to create technology and communication solutions for all involved parties whereby consumers will be able to buy top-ups for their cash-cards via the banks' sales channels (Mobile bank, Internet bank and telephone bank). The volume of sales via the banks is stable.

### Activities and Market Prospects

The Company is continuing its ongoing work with shops and other outlets together with work generally aimed at automating processes and developing technical support still further.

Furthermore, negotiations are underway with new potential product suppliers, which will be adapted to both the Swedish and Danish markets.

**eProducts**

The eProducts concept includes a range of products, such as cash-card/top-up codes, electronic gift cards and pre-paid vouchers / of various kinds. For retailers, eProducts provide an opportunity to increase sales and consumer inflow without the need for financial investment, tying up capital, maintaining stocks or for the products to take up space in the store. With the electronic distribution of these products, value codes are supplied digitally and the shop does not sustain the cost until the goods have been sold.



## FINANCIAL INFORMATION - CONSOLIDATED

Group report over total earnings	Oct-Dec	Oct-Dec	Full-Year	Full-Year
SEK thousand	2017	2016	2017	2016
Net Sales	29 161	34 064	127 157	141 533
Other operating income	-154	2 761	8	2 047
Material costs	-26 827	-33 556	-115 809	-135 860
Other external costs	-1 792	-1 266	-18 766	-10 061
Personnel costs	-12 193	-7 028	-48 179	-28 476
Depreciation	124	-680	-14 037	-2 644
Other operating costs	-1 995	1 568	-2 605	2 070
<b>Operating result</b>	<b>-13 676</b>	<b>-4 137</b>	<b>-72 231</b>	<b>-31 391</b>
Financial net	-14 050	-1 286	-18 988	-2 742
Share of profit after tax from associated companies, reported using the equity method	-162	-	-	-
<b>Profit before tax</b>	<b>-27 889</b>	<b>-5 423</b>	<b>-91 219</b>	<b>-34 133</b>
Income tax	530	-679	-27 097	-654
<b>Profit for the period from remaining operations</b>	<b>-27 359</b>	<b>-6 102</b>	<b>-118 316</b>	<b>-34 787</b>
<b>Profit for the period divested operations and operations under sale</b>	<b>-29 453</b>	<b>-16 915</b>	<b>50 590</b>	<b>-52 141</b>
- of which SDS	-2	6 887	160 548	32 909
- of which SEQR B2C	-13 049	-23 531	-93 056	-83 854
- of which eProducts Latvia	-16 403	-271	-16 902	-1196
<b>Result of the period</b>	<b>-56 812</b>	<b>-23 017</b>	<b>-67 726</b>	<b>-86 928</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Currency translation differences	1 724	2 469	-1 299	3 418
<b>Total comprehensive income attributable to parent company shareholders</b>	<b>-55 089</b>	<b>-20 548</b>	<b>-69 025</b>	<b>-83 510</b>



<b>Consolidated Balance Sheet</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>SEK thousand</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Intangible assets	48 240	57 303
- of which goodwill	7 655	6 180
- of which capitalized development costs	22 385	28 914
- of which customer agreements	-	696
- of which other intangible assets	18 201	21 512
Tangible fixed assets	2 313	9 117
Holdings reported using the equity method	161	-
Deferred tax	-	27 757
Other long-term receivables	37 474	489
Inventories of finished goods	2 831	3 634
Accounts receivables	13 762	15 356
Other receivables	47 423	11 864
Prepaid expenses and accrued income	7 542	3 289
Cash and cash equivalents	3 443	2 231
Total assets held for sale	-	120 245
- of which SEQR B2C	-	72 880
- of which eProducts Latvia	-	3 283
- of which SDS	-	44 081
<b>Total assets</b>	<b>163 189</b>	<b>251 284</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	108 716	135 762
Appropriation	143	169
Other non-current liabilities	125	6 583
Deferred tax liability	4 470	119
Trade accounts payable	23 273	24 211
Current tax liability	12	739
Other current liabilities	4 387	44 512
Accrued expenses and deferred income	22 063	8 155
Total liabilities held for sale	-	31 033
- of which SEQR B2C	-	14 533
- of which eProducts Latvia	-	2 656
- of which SDS	-	13 844
<b>Total Equity and Liabilities</b>	<b>163 189</b>	<b>251 284</b>

<b>Consolidated statement of changes in equity</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>Full-Year</b>	<b>Full-Year</b>
<b>SEK thousand</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Balance at start of period</b>	<b>128 874</b>	<b>155 723</b>	<b>135 762</b>	<b>102 636</b>
Comprehensive income for the period	-55 089	-20 548	-69 025	-83 510
New share issue	41 976	0	41 975	119 245
Transaction costs	-5 995	-24	-5 995	-3 227
Reclassification	-	8	-1	16
Options program	-1 050	601	-	601
Share repurchase	-	-	6 000	-
<b>As per end of the period</b>	<b>108 716</b>	<b>135 762</b>	<b>108 716</b>	<b>135 762</b>

<b>Consolidated statement of cash flows</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>Full-Year</b>	<b>Full-Year</b>
<b>SEK thousand</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Cash flow from operations before changes in working capital	-46 153	-9 138	-137 033	-67 477
Change in working capital	-22 133	11 598	14 744	1 775
Cash flow from operating activities	-68 286	2 460	-122 289	-65 702
Cash flow from investing activities	29 073	-18 978	117 991	-35 283
Cash flow from financing activities	35 702	-5 142	-590	84 988
<b>Cash flow during the period</b>	<b>-3 510</b>	<b>-21 660</b>	<b>-4 888</b>	<b>-15 997</b>
Cash and cash equivalents at beginning of period	7 196	29 241	8 663	23 005
Exchange difference of cash and cash equivalents	-243	1 082	-333	1 655
<b>Cash and cash equivalents at end of period</b>	<b>3 443</b>	<b>8 663</b>	<b>3 443</b>	<b>8 663</b>

<b>Key figures</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>Full-Year</b>	<b>Full-Year</b>
All numbers and key figures are the remaining operation	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Return on equity	neg	neg	neg	neg
Earnings per share, basic and diluted, SEK	-0,46	-0,10	-2,01	-0,67
Operating income, SEK thousand	-13 676	-4 137	-72 231	-31 391
Growth Net sales (compared to the same period last year)	neg	neg	neg	neg
Operating margin	neg	neg	neg	neg
Average number of shares, basic and diluted	59 542 627	58 765 305	58 959 635	52 223 924
Liquidity	145%	42%	145%	42%
Equity ratio	67%	54%	67%	54%
Equity, SEK thousand	108 716	135 762	108 716	135 762
Equity per share, SEK	1,32	2,25	1,32	2,25
Number of employees at end of period	39	37	39	37

<b>Quarterly overview</b>	<b>Q1 2016</b>	<b>Q2 2016</b>	<b>Q3 2016</b>	<b>Q4 2016</b>	<b>Q1 2017</b>	<b>Q2 2017</b>	<b>Q3 2017</b>	<b>Q4 2017</b>
The numbers refer to the remaining operations								
Net sales	33 662	36 025	37 782	34 064	31 942	34 513	31 541	29 161
Operating result	-8 562	-7 896	-10 796	-4 137	-10 489	-14 566	-33 500	-13 676
Earnings per share, basic and diluted*	-0,55	-0,36	-0,38	-0,10	-0,43	-0,65	-1,07	-0,46
Growth Net sales (compared to prev. quarter)	-15%	7%	5%	-10%	-6%	8%	-9%	-8%
Liquidity	50%	46%	54%	42%	44%	46%	88%	145%
Equity ratio	50%	39%	59%	54%	44%	30%	68%	67%
Equity, SEK thousand	99 646	82 621	155 723	135 762	110 761	77 741	128 875	108 716
Equity per share, SEK	2,05	1,70	2,65	2,25	1,88	1,32	2,19	1,32

<b>Non-recurring post</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>Jan-Sept</b>	<b>Full-Year</b>
<b>Tkr</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Operating profit	-13 676	-4 137	-72 231	-31 391
Non-recurring items attributable to restructuring	1 594	4 000	-20 974	4 000
Adjusted operating profit after nonrecurring items attributable to restructuring	-15 270	-8 137	-51 257	-35 391

## FINANCIAL INFORMATION – PARENT COMPANY

<b>Parent company income statement</b>	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>Jan-Dec</b>	<b>Full-Year</b>
<b>SEK thousand</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Net sales	1 017	1 650	4 128	4 260
Other operating income	-	1 265	5	1 274
Operating expenses	-7 909	-5 061	-23 869	-17 007
<b>Operating result</b>	<b>-6 892</b>	<b>-2 146</b>	<b>-19 736</b>	<b>-11 473</b>
Net financial items	-67 889	-35 439	3 818	-115 544
<b>Earnings before tax</b>	<b>-74 781</b>	<b>-37 584</b>	<b>-15 918</b>	<b>-127 017</b>
Income tax	0,0	0,0	-12225,0	0,0
<b>Income for the period</b>	<b>-74 781</b>	<b>-37 584</b>	<b>-28 143</b>	<b>-127 017</b>

<b>Parent company balance sheet</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>SEK thousand</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Fixed assets	63 741	16 811
Current assets	87 898	163 756
<b>Total Assets</b>	<b>151 639</b>	<b>180 567</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	104 472	90 634
Short-term liabilities	47 167	89 933
<b>Total equity and liabilities</b>	<b>151 639</b>	<b>180 567</b>
Pledged assets	-	-
Contingent liabilities	None	None

## Invuo's share Oct-Sept 2017

Price trend fourth quarter	-69 %
Ticker symbol	INVUO
Market Cap (per 31 Dec)	SEK 140 million
High	SEK 5.60
Low	SEK 1.55
Total no of shares (per 31 Dec)	80 084 955

### FINANCIAL CALENDAR

15 Mar 2018	Annual report 2017
25 Apr 2018	Interim report Q1
26 Apr 2018	Annual General meeting
19 July 2018	Interim report Q2
22 Nov 2018	Interim report Q3

## About Invuo

Invuo has two main business areas: Mobile payment solutions provided under the trademarks of MeaWallet™ and distribution of eProducts. [www.invuo.com](http://www.invuo.com)

Invuo's interim report for the period October – December 2017 has been approved for publication by the Board of Directors, by its decision on February 14, 2017. This financial report has not been subjected to a review by the Company's auditors.

## Certification

The Board of Directors and the CEO for Invuo Technologies AB (publ) declare that the yearend report gives a true and fair view of the Company and Group's business operations, financial position and financial results in terms of net profits/losses, and describes the principal risks and uncertainties that the Company, and the companies included in the Group, face.

Stockholm February 14, 2018

Tomas Jalling  
Chairman of the Board of Directors

Petra Sas  
Member of the Board

Robin Saunders  
Member of the Board

John Longhurst  
CEO

Invuo Technologies AB (publ), Corporate identification no. 556610 – 2660  
All information is published on [www.invuo.com](http://www.invuo.com) immediately after public release.

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**Definitions**

*Return on equity capital (%)*

Net profit/loss for the quarter as a percentage of the average equity capital. Included to help investors get an idea of the return on equity capital.

*Average number of shares before and after dilution*

Average number of shares before and after dilution. Included to help investors get an idea of how the number of shares has changed over time.

*Cash liquidity*

Current assets, excluding inventories and ongoing works, as a percentage of short-term liabilities

*Net sales growth*

Net sales compared to the previous period, as a percentage.

*Earnings per share, before and after dilution*

Net profit/loss for the quarter derived from the Company's shareholdings divided by the average number of shares before and after dilution in the same period. Included to help investors get an idea of the earnings per share for the quarter

*Operating margin (%)*

Earnings Before Interest and Taxes (EBIT) as a percentage of the operating income. Included to help investors get an idea of the Company's profitability.

*Equity ratio (%)*

Shareholder equity as a percentage of the balance sheet total. Included to help investors get an idea of how much of the assets consist of equity capital