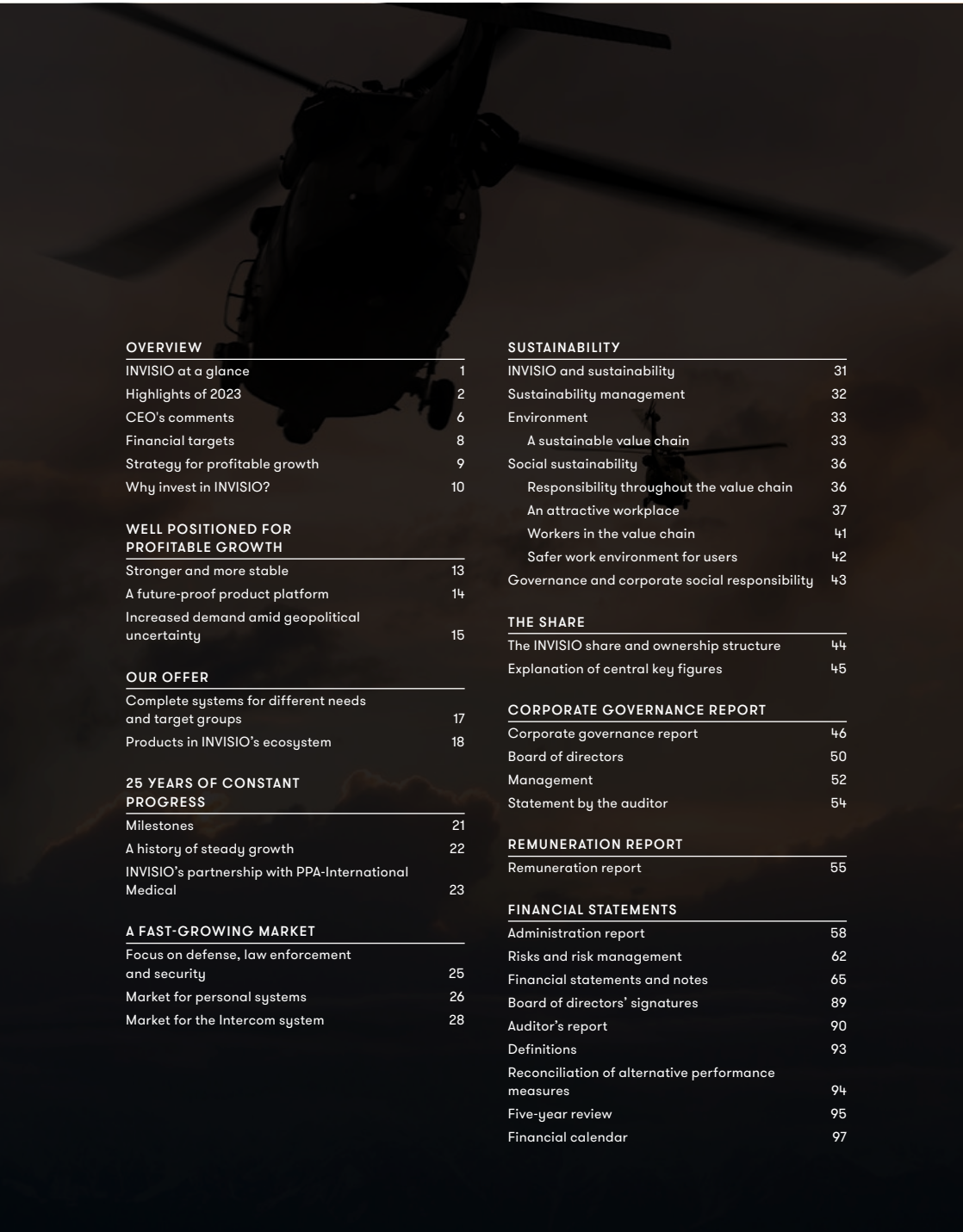


**25** INVISIO<sup>®</sup>  
anniversary<sub>th</sub>



Protection  
at work,  
a better life  
at home

**INVISIO<sup>®</sup>**  
Annual Report 2023



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INVISIO at a glance

# A leading growth company in a global and expanding market

INVISIO develops and markets advanced communication systems that help professionals in noisy and mission-critical environments to work safely and effectively while protecting their hearing. The systems and products are marketed under the INVISIO and Racal Acoustics brands. Headquartered in Copenhagen, the company has sales organizations in the US, France, the UK, Italy and Thailand. The INVISIO share is listed on Nasdaq Stockholm in the Mid Cap segment.

**Stable historic growth with sound profitability**

## 28%

Average annual growth (CAGR) 2019–2023

## 15%

Average operating margin 2019–2023

### Unique customer benefits

INVISIO's products and personal systems create value for users by enabling communication in extreme environments, which enhances operational capacity and reduces occupational risks.

The company's solutions also offer hearing protection that prevents lifelong hearing loss and associated problems.

Working in tandem with our personal systems, the INVISIO Intercom system offers simplified and effective intercommunication in the most challenging vehicle environments.

### A growing market

Demand for communication systems and hearing protection continues to rise.

The main drivers of this growth are heightened geopolitical instability, extensive military modernization programs and a broadening of the use of advanced communication equipment. In addition, interest is also rising in solutions that protect individuals from harm and mitigate the costs to society of damage to hearing.

### Strategy focused on growth with sound profitability

INVISIO is an innovative growth company that focuses on product development and sales. In the next few years we intend to strengthen our leading global position by expanding in new geographical markets and broadening the product offer. The group's target is to achieve average annual revenue growth of more than 20 percent.

Highlights of 2023

# Large increase in revenue and stronger profitability

## Robust sales in a growing market

Sales in 2023 exceeded SEK 1.2 billion, an increase of 60 percent from the prior year. The order book at year-end included orders worth more than SEK 600 million. This strong growth is due partly to the forward-looking investments implemented in recent years and partly to the sharp rise in market activity that has resulted from many countries deciding to modernize and update equipment for military and law enforcement users.

## Stronger profitability – back to pre-pandemic level

The operating margin for 2023 was almost 20 percent – the same level it was in the three years prior to the covid pandemic.

## Strong development for Rascal Acoustics

Increasing activity in the heavy armored vehicle market led to a spike in demand for Rascal Acoustics branded products in 2023. This was particularly evident in the North American market. In June, INVISIO received a SEK 130 million order for hearing protection and related products for use in armored vehicles from a customer within the US Department of Defense. Sales of Rascal Acoustics branded product have doubled since INVISIO acquired the business in 2021.

## Strong interest in the Intercom system

Interest in the new Intercom system remained high during the year, and a number of major orders were received. Several potential customers in Europe and the US are evaluating the system, and sales are expected to increase substantially in the near future.

## Successes in the law enforcement and security market

In 2023 INVISIO received a large number of orders in the law enforcement and security market. Many customers also carried out product tests, creating excellent scope for further positive developments going forward.

## Positive expectations for 2024

Substantive increases in European defense budgets will further boost the already strong demand for INVISIO's solutions. We should see clear effects of this towards the end of 2024. The investments and initiatives of recent years have equipped the company to continue on its strong revenue and profit trajectory.



Early 2024

## Record Intercom system order

After year-end, INVISIO received its largest ever order for the Intercom system. Valued at SEK 230 million, the order covers deliveries of the Intercom system and associated personal system. Under the contract, INVISIO will act as the customer's systems integrator, a role that will involve the group

installing and providing user training in armored vehicle radios. Interest in the new Intercom system remains high, and a number of customers in Europe and the US are currently evaluating it. This should result in further large orders during 2024.



## X7 – a new standard for in-ear headsets

In early 2024 INVISIO launched a new generation of our in-ear-headset. The AI-enhanced X7 sets a new standard of comfort, ease of use, hearing protection and situational awareness.

The X7 is INVISIO's most advanced headset to date and is equipped with the best hearing protection on the market.

Connected to an INVISIO control unit, the X7 uses AI-powered audio enhancements to provide unparalleled communication and speech quality.

In extremely noisy environments, the X7 can be used with the INVISIO T7 over-the-ear-headset to further increase hearing protection.



Highlights of 2023

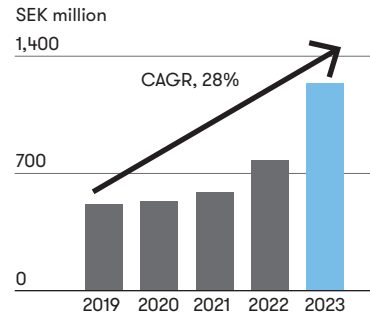
# The year in figures

	2023	2022	2021
Revenue, SEK million	1,238.5	775.5	593.0
Gross profit, SEK million	747.3	449.7	340.4
Operating expenses, SEK million	504.5	384.5	315.5
Operating profit, SEK million	242.9	65.2	24.9
Net profit, SEK million	178.4	44.5	14.5
Cash flow from operating activities, SEK million	204.7	41.7	91.0
Cash and cash equivalents, SEK million	224.9	127.1	134.8
Order intake, SEK million	1,273.5	1,141.6	628.1
Order book, SEK million	602.8	624.7	224.7
<b>Margins</b>			
Gross margin, %	60.3	58.0	57.4
Operating margin, %	19.6	8.4	4.2
Profit margin, %	14.4	5.7	2.4
<b>Capital structure</b>			
Equity/assets ratio, %	68	64	61
<b>Employees</b>			
Number of employees	248	208	187
<b>Data per share</b>			
Earnings, SEK	1.12	0.99	0.33
Shareholders' equity after dilution, SEK	15.8	11.32	9.26
Share price at close of period, SEK	195.60	164.60	163.80

## Revenue, SEK million

1,238.5

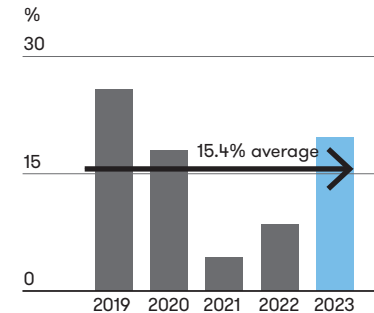
Revenue totaled SEK 1,238.5 million (775.5), up 60 percent from the prior year. Adjusted for exchange rate effects, the increase was 51 percent. The compound annual growth rate in the last five years stands at 28 percent.



## Operating margin, %

19.6

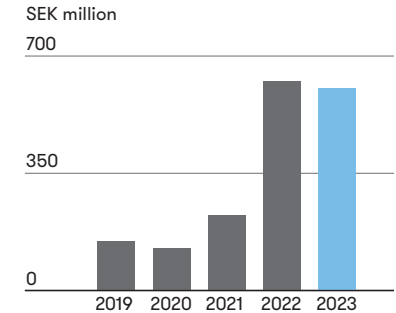
The operating margin was just under 20 percent (8). The average margin in the last five years exceeds 15 percent.



## Order book, SEK million

602.8

Order intake in 2023 was SEK 1,274 million (1,142). The order book at the close of the period totaled SEK 603 million (625).





## Larger customer base reshapes order inflow profile

A significant expansion of the customer base in recent years has changed the company's order intake profile. The broader customer network, combined with customers' tendency to place more medium-sized orders instead of a single large order, has generated a considerable increase in the order total. This has reduced fluctuations in INVISIO's order intake, leading to more efficient production and enhanced planning opportunities.



CEO's comments

## Strong growth in a robust market

High levels of market activity and solid returns on the investments we have implemented in recent years combined to deliver a strong year for INVISIO, with revenue growth of 60 percent.

2023 was a strong year for INVISIO. Revenue rose to more than SEK 1.2 billion, while a sharp increase in profitability reflected the success of our scalable and robust business model. The EBIT margin for the year was almost 20 percent. Our performance confirmed the positive impact of the investments we have made in product development and sales in the last few years. This spending has significantly strengthened our market position and created a more mature company.

### High market activity

Activity in our markets remained high during the year, especially in Europe. This primarily reflected an ongoing drive in many countries to modernize and upgrade military equipment. It is worth noting that we have yet to see the impact of the strong increases in military and defense budgets that many countries have announced in recent times. We do not expect to see this reflected in demand until the end of 2024 at the earliest, or the first half of 2025.

### Strong growth in the military vehicle market

It is pleasing to note that all our products continued to perform well during the year. Demand was

especially strong for systems sold under the Racal Acoustics brand for use in environments with continuous high noise levels. This was attributable to strong underlying demand for heavy military vehicles, positive uptake of new products, and reduced competition in North America after a large competitor decided to leave the industry.

### Record Intercom system orders

Interest in our Intercom system also continued to grow. In 2023 we delivered systems with a value exceeding SEK 100 million, and after year-end we received our largest ever single order, worth SEK 230 million. This order demonstrates that the Intercom system meets our users' very high demands and underlines the strong sales potential that lies ahead. I am especially pleased that INVISIO will also serve as system integrator for the customer's entire communications system, which also includes armored vehicle radios and associated installation and training.

The Intercom system is currently being evaluated by several potential customers in Europe and the US, and we expect further orders.



## CEO's comments

As a result, we remain confident that the system will in the future account for a growing share of group revenue.

### Successful penetration of the law enforcement and security market

Our efforts to strengthen the INVISIO sales organization and increase the number of distribution partners that address the law enforcement and security market have enhanced our positions in the US and Europe. Progress includes continued close cooperation with the Swedish and Danish police authorities, as well as with new law enforcement and security customers in Germany and the US. We expect solid growth in these areas in the years ahead.

### Forward focus

Product development and technical innovation, conducted in close cooperation with key customers, are central to INVISIO's growth strategy. In the past five years we have invested an average of 14 percent of revenue in product development.

As a result, we now have by far the most advanced and complete product portfolio of any player in our industry. Our products stand out for their performance, for being highly user-friendly and because they are easy to integrate. Our technology platform is also increasingly software-enabled, which creates stronger and more flexible solutions

that support continuous updates and easier maintenance.

Our priorities going forward will include maintaining our focus on developing solutions that reduce the risk of personal injury and that make our different customer groups more effective and efficient. In 2024 we will start to selectively address the fire service market, an exciting segment with strong potential. A number of fire departments already use our solutions. Looking ahead, we also see excellent prospects for sales to military fire departments.

### Tougher sustainability requirements give a competitive advantage

We will also continue to move forward in sustainability. Sustainability-related criteria are becoming more common in major procurement processes, and in a few years we will also be reporting in line with the new Corporate Sustainability Reporting Directive [CSRD]. Higher demands from customers and society create a heavier administrative burden. But these demands ultimately give us a competitive advantage because we have worked actively with these issues for a long time and are in many areas far ahead of our competitors.

### Security – high on the agenda for years to come

We believe that activity levels in our market will remain high for many years to come. Modern-

ization needs remain substantial. Moreover, military budgets are rising sharply as rearmament accelerates due to the geopolitical climate. The fast pace of this build-up gives countries less time to develop their own solutions or to modify existing equipment – a time-consuming process which used to be relatively common.

Buyers are increasingly prioritizing solutions with market acceptance and that have been proven to work in the most challenging conditions. As the market leader for many years, we have a major advantage in this arena.

The coming year will see us celebrate INVISIO's 25th anniversary. Like most 25-year-olds, we have matured from our earlier days. The investments we have made in recent years have broadened our product portfolio and customer base and reinforced our collective expertise. It is from this position that we now look forward to capturing the opportunities offered by an increasingly dynamic market. INVISIO is well equipped to succeed tomorrow – and for the next 25 years.

Copenhagen, March 2024

**Lars Højgård Hansen**  
President and CEO INVISIO



## Focus 2024

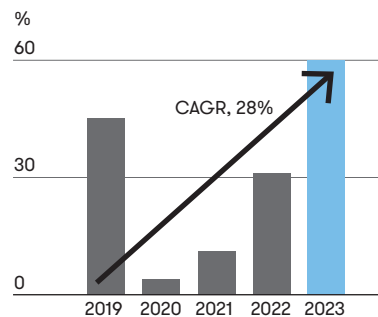
“Strong markets, new user groups, attractive products and effective sales organizations enable us to predict continued strong sales and order intake in 2024.”

# Financial targets

INVISIO seeks to combine a high growth rate with solid profitability. The group's targets are average annual revenue growth of at least 20 percent and an operating margin of more than 15 percent over time.

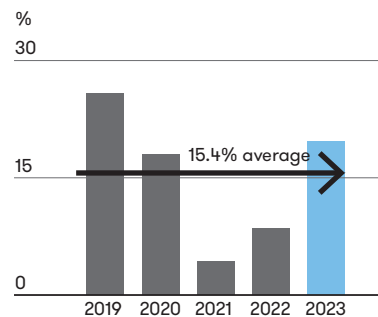
## Increase average annual revenue by at least 20 percent per year

INVISIO has recorded a compound annual growth rate (CAGR) in revenue of 28 percent in the last five years. Growth in 2020 and 2021 was negatively affected by the covid pandemic, and this impact is reflected in the five-year figure. In 2023, revenue growth exceeded 60 percent.



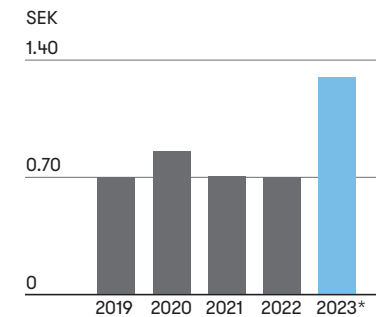
## Operating margin to exceed 15 percent over time

The average annual operating margin in the last five years stands at 15 percent, despite two years of weaker profitability due to the pandemic. In 2023 the operating margin was close to 20 percent.



## Dividend to be 25–50 percent of profit over time

The board's dividend policy requires dividend size to take account of INVISIO's long-term growth and earnings trend, capital requirements and financial targets. The target is to pay out 25–50 percent of profit after tax as dividends over time. Including the proposed dividend for 2023, the dividend has averaged 49 percent of profit after tax in the last five years.



\*Proposed dividend



# Strategy for continued profitable growth

INVISIO’s strategy is rooted in the scalability of the group's business model. The objective is continued growth in existing markets as well as in new user groups and geographies. Innovation and product development will remain strong focus areas going forward.

## Increase penetration in existing markets

In addition to winning new procurement contracts, INVISIO endeavors to increase sales under the umbrella of existing agreements in our main North American and European markets.

### Strategy follow-up:

Despite strong growth, market penetration is still low. This creates attractive conditions for further growth in existing markets. INVISIO has launched two significant upgrades to our in-ear and over-the-ear headsets. Together with an enhanced R&D and sales organization, these create greater potential for sales to our existing customer base.

## Broaden the product portfolio through creative innovation

INVISIO intends to continually broaden the product portfolio with user-friendly, flexible and cost-effective products. This expansion will be mainly through innovative and customer-oriented product development.

### Strategy follow-up:

In recent years INVISIO has developed a number of new products that have strengthened and broadened the product portfolio. New solutions include the Intercom system and the X7, T7, RA4000 and RA5100 headsets, as well as Gen II Control Units.

## Address new user groups

INVISIO aims to reach new volume markets by addressing new user groups that need to be able to communicate in noisy and challenging environments while also protecting users' hearing.

### Strategy follow-up:

INVISIO intends in 2024 to start addressing selected target customers in the fire service market. Penetration of the law enforcement and security market continued in 2023 amid firm interest in the company’s solutions. Current customers include the Swedish and Danish police services and several leading US law enforcement units.

## Expand into new geographies

INVISIO is planning to expand into new geographical markets, notably selected countries in Asia, the Middle East and South America.

### Strategy follow-up:

Expansion into new geographical markets, mainly in Asia, intensified in 2023 after two years of the covid pandemic. A high activity level enabled us to make progress in addressing special forces customers in a number of countries.

## Sustainable and cost-effective operations

Sustainable and profitable growth will continue by maintaining our focus on internal cost control and high manufacturing standards. We collaborate closely with our manufacturing partners to ensure volume gains and competitive production costs.

### Strategy follow-up:

A high level of cost awareness and a long-term sustainable business perspective form natural parts of our operational mindset. During the year our sustainability activities focused on preparations for new sustainability reporting requirements.



# Why invest in INVISIO?

INVISIO holds a leading position in a growing niche market. Our main strengths include high growth with solid profitability, a strong corporate culture and a clear strategy. Key success factors in this context are a continued broadening of our product portfolio, the penetration of new markets and an expansion into new user groups.

## Stable financial development and consistently high R&D investments

### Proven strong long-term growth

- Despite a sharp slowdown during two years of the covid pandemic, INVISIO recorded average annual growth in 2019–2023 of 28 percent.
- Strong order book of more than SEK 600 million at the start of 2024.
- The acquisition of Racal Acoustics in 2021 strengthened our market position, broadened our offer and increased the revenue base.
- The market for INVISIO's products and solutions is non-cyclical and structurally growing.

### Sound profitability enables offensive R&D

- The average gross margin in 2019–2023 was 58 percent. In 2023 the margin was 60 percent.
- The average operating margin for 2019–2023 exceeded 15 percent. In 2023 it was 20 percent.
- The group invested an average of 14 percent of revenue in research and development annually in 2019–2023.

### High scalability and robust financial position

- All volume production is performed by contract manufacturers. This enables scalability and efficient management of variations in order intake.
- INVISIO is debt-free and has a solid financial position. The group's equity/assets ratio was 68 percent (64) at year-end.



## Strong market position in a growing niche market

### Growing niche market with high entry barriers

- Increased geopolitical uncertainty has led to substantial increases in military appropriations and defense budgets.
- The market is growing structurally as more defense and law enforcement users are issued with personal communication equipment.
- Hearing loss is the most common injury for military personnel. One in three police officers and more or less all soldiers experience hearing loss after leaving the service.<sup>1</sup>
- Entering the market and winning a public procurement process normally takes several years. High barriers to entry have resulted in relatively few active players.

### Market-leading position and a portfolio of multi-year framework agreements and programs

- INVISIO, with its two strong INVISIO and Racal Acoustics brands, is the clear global market leader in its niche. Racal Acoustics' breakthrough in the US in early 2023 further cemented the group's position.
- INVISIO has a portfolio of framework agreements and programs that facilitate repeat sales. Agreements and programs usually run for three to seven years. Contracts in the armored vehicle market can run for considerably longer. Customers include US defense forces, several NATO armies and the Swedish and Danish police services.

## Clear growth strategy

### Broader customer offer and new user categories and geographical markets

- The new Intercom system is an entirely new source of revenue. Its market potential is estimated at SEK 7 billion per year. In 2023 several volume orders were received.
- Law enforcement is a growing user group, with an estimated annual market of SEK 1.5 billion.
- INVISIO is addressing new geographical markets, mainly in Asia but also in South America and the Middle East.
- The acquisition of Racal Acoustics added an entirely new, complementary product category whose distribution has been considerably strengthened by INVISIO's sales organization.

## Strong corporate culture

### A strong corporate culture characterized by innovative capacity and high technical expertise

- INVISIO's corporate culture is strong. Incentive and option programs cover all employees, which helps motivate people and strengthen the internal culture.
- INVISIO's Employee Net Promoter Score was very high in both the 2022 and 2023 surveys.
- INVISIO has a history of very low staff turnover and short-term sickness absence.
- Experienced management team with many years of working together. The CEO and the heads of sales and R&D have all worked for INVISIO for more than 16 years.

<sup>1</sup>) Sources: Noise-Induced Hearing Loss in the Police Force. Kyaw N. Win 1,\*, Nayake B.P. Balalla 1, Min Z. Lwin 2, Alice Lai. Hearing among male firefighters: A comparison with hearing data from screened and unscreened male population T S Kang,1 O S Hong,2 K S Kim,3 and C S Yoon1. Published online 2014 Nov 5. For US Troops, Service-Connected Hearing Loss Is a Big Problem 26 Feb 2020. Military.com. By Ed Timperlake.



# Well positioned for continued profitable growth

In recent years INVISIO has invested substantially in the product portfolio, organization and technology platform, resulting in a stronger offer. These investments have created a firm foundation for continued growth. In a robust market, the ambition is to continue growing while maintaining solid profitability.



# Stronger and more stable

INVISIO's growth has accelerated significantly in recent years, with revenue doubling in the last two years. Thanks to forward-looking investments, INVISIO is now a considerably stronger and more mature company than it was just a few years ago.

The positive trend is largely a direct consequence of the major forward-looking investments we have made in recent years. These include investments into the product portfolio, the business organization and the underlying technical platform.

## **A stronger offer**

Efforts have focused on successive large investments in product development, which in the last five years have accounted for an average of 14 percent of annual revenue. This spending has created a very strong product portfolio. The portfolio stands out in terms of product performance, and also because it is based on a system platform that supports the integration of all components. The platform contains a growing software element, which supports a stronger and more flexible solution that facilitates smooth updates and easier maintenance.

## **New customer groups**

The acquisition of the UK company Racial Acoustics in 2021 broadened our offer with a new, complementary product category consisting of advanced and robust communication headsets with hearing protection designed for users in environments with constantly high noise levels, such as inside armored vehicles.

Law enforcement and security customers are other new groups that we have begun to address and which now account for almost 15 percent of revenue. Compared with military and defense sector customers, law enforcement and security entities tend to place orders more frequently and with a lower value per order. This helps offset volatility in our order inflow.

In 2024 INVISIO will start selective penetration of the fire services market. This is an area with high potential and where user needs are similar to our other customer groups. INVISIO's solutions are already used by a number of fire services, including Copenhagen, Oslo and several localities in Sweden.

## **Stability through framework agreements and procurement programs**

Customer relationships are typically tied to multi-year procurement programs and long framework agreements. A program or framework agreement is usually preceded by a long sales process. It usually takes many years from the initial customer contact to the final order via a process that spans request to tender, testing and public tender. This setup creates a market structure characterized by long-term relationships between suppliers and customers. Procurement programs and framework agreements also establish relatively high barriers to entry because they make it practically impossible for other suppliers to sell to the customer while the agreement is in force.

## **Close customer relationships**

INVISIO has close and well-established business relationships with a large number of customers. Some customers participate actively in our product development process. Apart from strengthening the relationship between both parties, this also gives us invaluable knowledge about specific needs and demands. Our close relationships with customers and good understanding of their needs are two of INVISIO's strongest competitive advantages.



# Solid, flexible and future-proof product platform

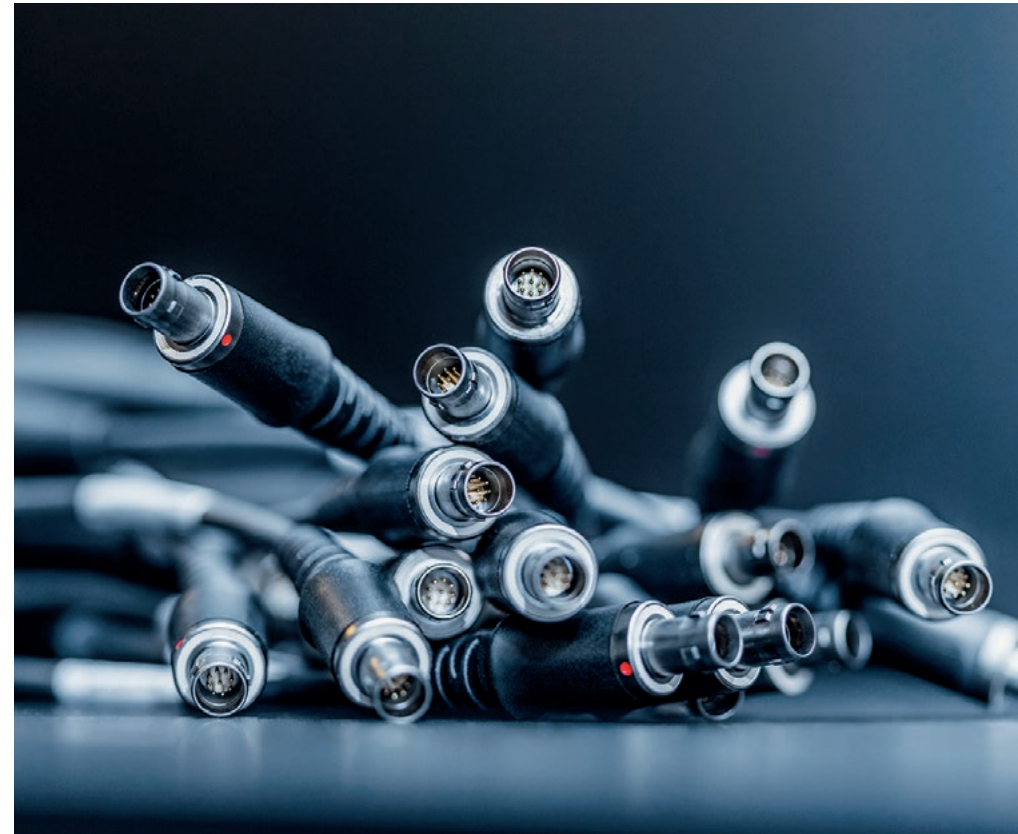
INVISIO's solutions build on a combination of hardware and software. The result is a stronger and more flexible product platform that supports continual updates and easier maintenance and creates the scope to customize solutions to individual user preferences.

INVISIO has invested substantially in product development for a number of years. These efforts have focused on software as well as hardware development.

The investments led to the launch in 2022 of INVISIO V-Series Gen II, our next-generation product platform whose major advantage, apart from improved sound quality and a higher level of hearing protection, is much-enhanced user flexibility. The platform makes it simpler to regularly update and configure solutions based on mission requirements and needs and user preferences.

## **Using AI to minimize electricity consumption in small products**

Behind the V-Series Gen II platform are major investments in artificial intelligence and digital signal processing that together have enabled us to achieve world-leading expertise in ultra-low energy saving in small products. Our AI algorithm can handle different languages, voices and sound environments – and also intense and rapid changes in the soundscape.



## **INVISIO IntelliCable® – the world's smartest cables**

The versatility and user-friendliness of INVISIO's offer depends on seamless plug-and-play integration between the different parts of the system and external units such as radios, cellphones, computers and other sound sources. What makes this possible is INVISIO's smart and unique cables – IntelliCable®. These patented cables can be programmed with all necessary presets and also adapted to specific conditions and individual user preferences.

The plug-and-play functionality is unique to INVISIO's solutions and confers a strong competitive advantage. When new equipment is connected to the control unit, identification is automatic via the cable. This is useful because it requires no equipment reprogramming. INVISIO IntelliCable technology also identifies externally connected units such as radios, intercom systems, cellphones, computers and wireless control units. Necessary sound and system parameters are set automatically, ensuring fast and smooth connection.

# Increased demand due to geopolitical uncertainty

Several interconnected factors drive demand for INVISIO's products. Foremost among them are ongoing long-term equipment modernization programs, the increasing use of communication equipment, and greater awareness regarding hearing loss and its impact on individuals and society. In addition, increased geopolitical uncertainty is expected to drive higher demand in future.

## Structural growth in demand

In many countries, processes are under way to modernize the communications systems used by defense and law enforcement units. The increasing significance of communication for these users' operations is reflected in growing demand for enhanced access to new or modified radio equipment for a growing user base. The number of potential users is increasing as more military and law enforcement personnel are equipped with radio solutions. This paves the way for structurally contingent growth in demand for INVISIO's systems.

## Increased defense and military appropriations

Russia's invasion of Ukraine in early 2022 has prompted a number of countries to signal their intention to increase defense and military appropriations. Several NATO countries have declared they intend to align over time with the organization's 2 percent GDP target for defense spending. In the longer term, this is

likely to increase demand for modern communication equipment and hearing protection.

## The effects of hearing loss

Among the drivers of higher demand is a growing awareness of the impact of hearing loss on individuals and society. According to data from the US Department of Veterans Affairs, hearing impairment and tinnitus are the most common injuries among US defense force veterans. Hearing loss and tinnitus account for some 17 percent of all claims that qualify for compensation.<sup>1)</sup> The US defense forces' direct costs for care and support amount to billions of dollars annually.

## Ever more powerful weapon systems

New weapon systems tend to be ever more powerful, and new vehicles ever noisier, which further increases user risk of serious hearing loss and fuels demand for effective hearing protection.

## INVISIO drives the market

By developing communication solutions that gradually raise industry requirements regarding performance, functionality and user experience, INVISIO contributes significantly to developing the market and driving its growth.

<sup>1)</sup> The 2019 Annual Benefits Report. US Department of Veterans Affairs, updated in July 2020.



## Our offer

INVISIO develops and markets advanced communication systems that help professionals in noisy and mission-critical environments to work more safely and effectively while protecting their hearing.



# Complete system for different needs and target groups

## Personal systems for users in the field and on the move

INVISIO and Racal Acoustics branded systems have been developed for users who are mobile and serve in the field or operate in vehicle environments with constantly high noise levels. The systems include headsets, cables and control units. They are compatible with all radio models and other sound sources.

### Strengths

- Crystal-clear communication and industry leading hearing protection – with retained situational awareness.
- Plug-and-play creates high user-friendliness and simplicity of handling.
- Fully integrable with other sound sources.
- High comfort and robust design.

## Defense & military



The annual value of the defense and military market for INVISIO and Racal Acoustics personal systems is estimated at SEK 5.5 billion.

## Law enforcement & security



The market for the law enforcement and security personal system is estimated to be worth SEK 1.5 billion annually.

## The Intercom system for communication in vehicles, ships and helicopters

INVISIO's Intercom system developed in-house enables simple and effective internal communication in vehicles, boats and helicopters, at a cost that is far below that of traditional solutions.

### Strengths

- Enables users in vehicles, boats and helicopters to use personal systems to communicate within the group despite challenging radio and sound conditions.
- Gives access to the vehicle's radio solutions and simplifies communication with the vehicle's crew.
- Plug-and-play.
- A considerably more flexible solution and more cost-effective than traditional systems.

## Defense & military



The annual value of the Intercom system market is estimated at SEK 7.0 billion.

## Law enforcement & security



A number of law enforcement units currently use the Intercom system in their vehicles.



## Product examples from INVISIO’s ecosystem

### INVISIO X7

Launched 2024

The market’s most effective in-ear-headset with hearing protection. Designed by INVISIO and an important component in our hearing protection system.

#### Strengths

- In-ear-headset with best possible protection, up to 39dB SNR/32dB NRR.
- Jawbone microphone and external microphones that enable the best possible situational awareness.
- Amplifies hearing by a factor of three.
- Submersible to a depth of 2 meters.
- Can be combined with an over-the-ear headset for double hearing protection with full hear-through.



### INVISIO T7

Launched 2021

An over-the-ear headset has no batteries. It is powered by the radio, making it light and comfortable. The product is controlled from INVISIO’s control unit, which is placed on the chest.

#### Strengths

- Market-leading hearing protection. Protects up to 28 dB SNR.
- Submersible to a depth of 10 meters and can manage the pressure drop from a jump from an altitude of 10,000 meters.
- External microphones that enable the best possible situational awareness.
- Lightweight – only 350 grams.
- Modern headset with high comfort. Robust design.



### INVISIO V60 Gen II ADP

Launched 2023

The new INVISIO V60 Gen II ADP is an advanced control unit (PTT) that transmits data and speech and simplifies the power supply.

#### Strengths

- Market-leading performance for transmission of both data and speech.
- Offers power supply for more applications than just the system itself, which eases use considerably.
- Plug-and-play-functionality, endless configuration possibilities and support for regular software upgrades and customized solutions.



## RA5100

Launched 2023

A headset designed to enable effective hearing protection in vehicles and in the field, with a special focus on environments characterized by constantly high noise levels.

### Strengths

- A flexible product for different conditions and environments.
- Digital technology ensures hearing protection of 30 dB SNR with Active Noise Reduction (ANR).
- Digital solution that enables simple updates.
- Versatile and robust design.



## RA4000 Magna™

Launched 2018

Best-in-class for hearing protection, communication capability and situational awareness for the most challenging and noisy vehicle platforms.

### Strengths

- The most modern and recent headset on the market for a demanding vehicle and sound environment.
- Hearing protection for long work shifts. Active noise reduction (ANR) SNR 36dB. Can be used with an in-ear headset for additional hearing protection.
- Adjustable talk-through.
- Software-based solution that enables simple updates and repair.
- Versatile and robust design.



## INVISIO Intercom system

Launched 2019

Enables simple and effective internal communication in vehicles, boats and helicopters at a cost far below traditional solutions.

### Strengths

- Unique user-friendliness based on plug and play.
- Gives everyone access to the vehicle's various radio solutions.
- Simple communication with the vehicle's crew and within the entire team being transported.
- Safer transfer from one environment to another.
- Weighs almost nothing and as small as an iPad.
- Fully compatible with all INVISIO's products.





# 25 years of constant progress

In 2024 it will be 25 years since INVISIO was founded. Since then our product portfolio has evolved, the organization has grown and our market position has strengthened. Back in 1999 the focus was on in-ear-headsets for the consumer market. Now we exclusively develop equipment for professional users. The culture is a constant – and largely still the same.





INVISIO®  
25<sup>th</sup> anniversary

“Committed  
and stable owners”

Thomas Larsson

“The order from the US  
TCAPS program is a milestone”

Carsten Aagesen

“The culture was  
quite crucial”

Lars Højgård Hansen

“Focus on the customer and team  
has promoted a doer mentality”

Jan Larsen

**Not all the years in INVISIO’s history** have been as successful as those we are now experiencing. The first 13 years, for example, were characterized by a constant need to raise fresh capital. Time after time, the financial resources required to achieve profitability were underestimated. What saved the company was that from the start we had committed and stable owners who believed in our potential. Lage Jonasson played an absolutely crucial role. Without his commitment and own risk-taking there would be no INVISIO today. His support enabled us to achieve our first commercial success – when the Danish armed forces placed their first major order in 2011. This sale relieved the financial pressure on the company.

Thomas Larsson  
CFO

**Our corporate culture** is the common factor behind all our successes. Our culture exists not just among those who work in the day-to-day business, but also on the board and among the principal owners. For many years we had fewer than 50 people in Copenhagen, and all were involved in the projects being carried out. Everyone’s deep involvement created perspective, commitment and a strong team spirit. This cohesion and a focus on what is best for the customer have molded a strong and winning culture – a culture that still shapes what we do and how we do it. The culture has been passed down through the years and new employees quickly assimilate our core values. That people appreciate our team spirit is clear from the surveys we carry out. Safeguarding the culture is among our most important tasks going forward. It is a valuable asset that sets us apart from many other companies.

Lars Højgård Hansen  
CEO

**Without doubt the first order** from the TCAPS program in the United States in 2013 marked a real milestone in INVISIO’s development. The TCAPS order served as a catalyst and created a strong foothold for us in the US, which in turn enabled us to attract more American customers. That success gave us the courage to take the step of establishing our own sales force in the US, which became a reality in 2017. The order also had great significance for our marketing to other potential customers, as everyone looks at the equipment the Americans use. Our decision to take control of sales and deepen our customer relationships has been absolutely crucial to our success and to the strong position in the market we now enjoy.

Carsten Aagesen  
SVP GLOBAL SALES & MARKETING

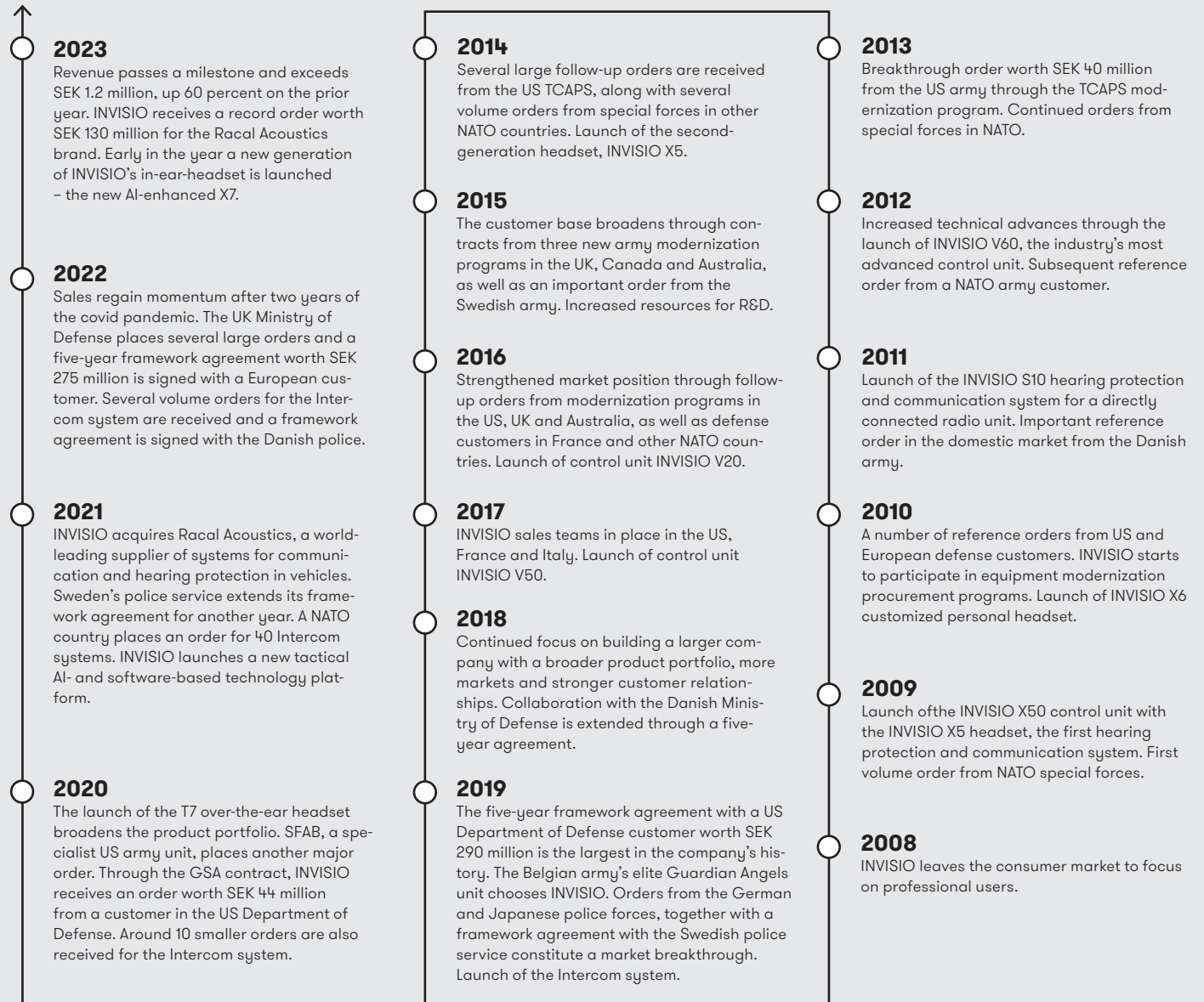
**Behind our successes** are not just a few isolated events. A large number of closely analyzed and well-implemented actions over many years have brought us to where we are today. The success factors include our boundary-spanning approach. Early on, we realized that final delivery is the result not of an individual function but of the entire organization’s combined effort. Open communication and having product developers in the field who meet customers in their real environment have been crucial to our success, as has been our constant focus on the customer and the team and our commitment to a culture of trust, freedom and transparency. The combined result of this is a highly dynamic “doer” mentality. Mutual respect and the encouragement to contribute, even outside one’s own area of responsibility, have strengthened our collaborative spirit. What’s important is the result, not always who does what.

Jan Larsen  
SVP R&D



# A history of steady growth

INVISIO's roots are in the "Danish Sound," an international industrial cluster with a long tradition of outstanding achievements in acoustics, hearing and mobile communication based on partnership between businesses and universities. INVISIO was established in 1999 and until 2008 sold products to the consumer market as well as to professional users. Operations were then streamlined to focus on communication solutions for professional users.



INVISIO's partnership with PPA-International Medical

## Effective communication crucial in tactical medicine and trauma care

The ability to communicate is crucial when taking care of the wounded in field operations. At the PPA-International training center outside Aalborg in Denmark, medical staff from special forces, the military and law enforcement receive training in tactical medicine and trauma care. The center offers a broad spectrum of courses, from general paramedic to more specific programs such as trauma care in battle or in helicopters. All training is carried out in hyper-realistic conditions.

In stressful and often chaotic situations, effective communication is crucial for coordinating measures and optimizing the delivery of care.

“Communication plays a crucial role in caring for wounded individuals in the midst of chaotic and critical situations,” says Nikolai Andersen, founder and CEO of PPA-International Medical. “Effective communication makes it possible to get an overview and to distribute, prioritize and coordinate medical resources. It helps medics distinguish between critical cases that require immediate attention and those that can wait for treatment. This enables remote medical guidance in real time from medical personnel. This connection makes it possible for medics or team members on site to get expert advice, which improves decision-making and care.”



### Nikolai Andersen

Founder and CEO of PPA-International Medical. Nikolai has worked for the Danish defense forces for many years and has served as a medic in the Balkans, Iraq and several African countries. He has extensive experience of tactical medicine in highly critical conditions.



### About the PPA-International training center

Since it opened in 2004 the PPA-International training center has been the leading training center for tactical medicine in Europe. The center trains more than 250 students per year in tactical medicine and trauma care. All training is under hyper-realistic conditions and much effort is made to ensure that the students receive the training they need and that it conforms with their requirements for internationally recognized certification.

### The partnership with INVISIO

PPA-International started to use INVISIO's communication solutions at the beginning of 2023. Attracting hundreds of students from all over Europe, the center is an important platform for INVISIO to showcase its systems. In its first year alone, this collaboration has led to many inquiries from special forces throughout Europe.



# A fast-growing market

INVISIO addresses a global niche market. Our customers are mainly public agencies and other public sector actors associated with defense, law enforcement and security. In 2024 we will also start to address selected fire service organizations.



Photo: Aardvark

# Focus on defense, law enforcement and security

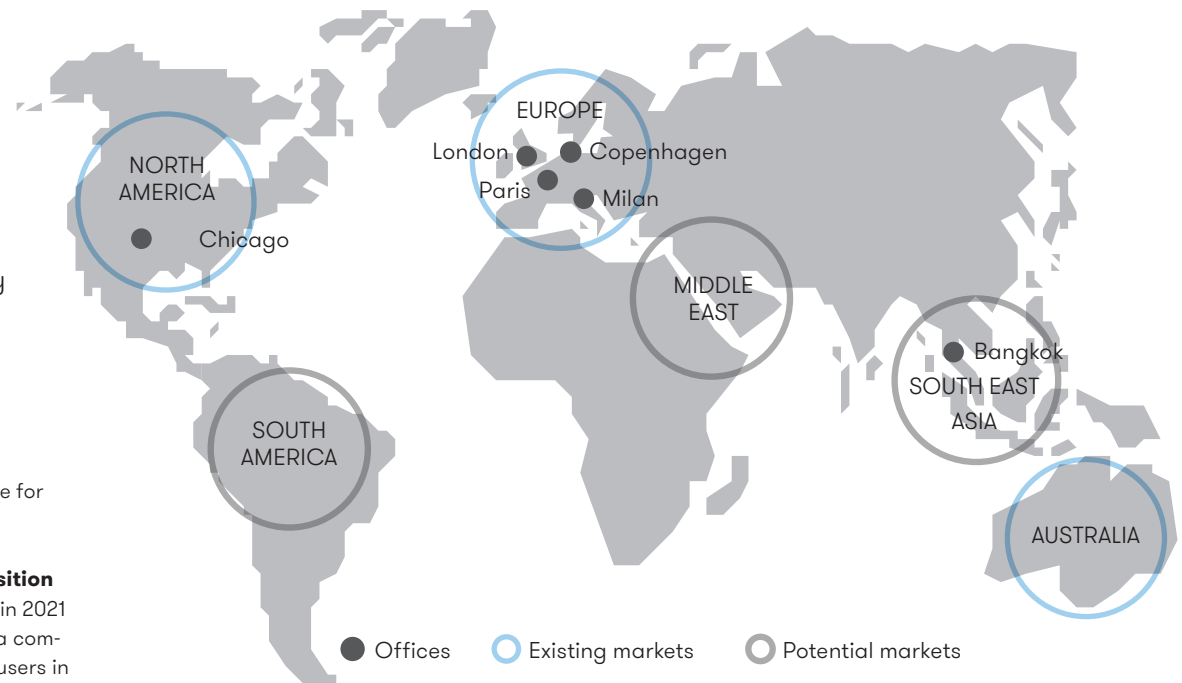
INVISIO’s customers primarily consist of defense, law enforcement and security companies and organizations. They are located primarily in the US, Europe and selected countries in Asia. The group also addresses potential customers in specific countries in South America and the Middle East.

Defense industry customers have historically accounted for the major part of INVISIO’s revenue. In 2023 they contributed some 85 percent of total sales. Since 2019, the group has increasingly addressed the law enforcement and security sub-market. The needs of law enforcement regarding effective communication and hearing protection are similar to those of defense units and INVISIO’s

offer is in several respects the same for both customer categories.

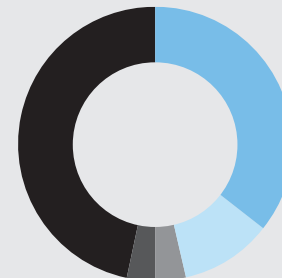
### Broadened offer through acquisition

The acquisition of Racal Acoustics in 2021 broadened the product offer with a complementary portfolio solutions for users in environments characterized by constantly high noise levels.



SEK 14.0 billion

INVISIO estimates the annual value of the addressable market in the US, Europe and selected countries in Asia at SEK 14 billion, distributed across the defense and law enforcement and security sub-markets.



### Estimated market value per product category

- INVISIO's personal systems for customers within defense, SEK 5.0 billion
- INVISIO's portable Intercom system, SEK 0.5 billion
- INVISIO's personal systems for customers within law enforcement and security, SEK 1.5 billion
- INVISIO's mounted Intercom system, SEK 6.5 billion
- Racal Acoustics' personal system for vehicles, SEK 0.5 billion



## Market for personal systems

The INVISIO and Racal Acoustics brands offer systems developed for users who are mobile and serve in the field or operate in vehicle environments with constantly high noise levels. These systems include headsets, cables and control units. They are compatible with all radio models and other sound sources.



### The defense market

Industry statistics indicate there are about 50 million soldiers in the world, of which 20 million are deemed to be active.<sup>1)</sup> The largest numbers are in Asia. Investments in advanced communication and hearing protection systems by countries in this region have historically been relatively limited, but are now growing at a comparatively rapid rate.

INVISIO's primary target group consists of technologically mature countries in Europe and North America. About two million potential users serve in these countries' defense forces. The value of the potential addressable market for INVISIO's personal system is estimated at SEK 20 billion. As a rule, procurement takes place at four-year intervals, which means that the average annual target market is about SEK 5 billion.

INVISIO today has almost 250,000 system users, equivalent to a market penetration of just over 10 percent. Consequently, there is great potential for continued growth in the target market.

### Law enforcement and security market

The law enforcement and security market is a relatively new market for INVISIO in which our initial focus is on addressing customers in the US, Europe and selected countries in Asia. The law enforcement and security market is more fragmented and decentralized than the defense market, which requires us to address a larger number of customers in our sales work. An average order is therefore generally smaller than in the more centralized defense market.

Our markets contain 2.7 million police officers. Of these, 30 percent are deemed to be relevant to our offer, meaning that we have a target group of 700,000 to 900,000 potential users.

The value of the law enforcement and security market for INVISIO's personal system in these geographies is estimated at SEK 9 billion. We estimate that customers carry out procurements at intervals of five to seven years, which puts the annual addressable market for INVISIO's systems at SEK 1.5 billion.

### Competition

Personal communication systems with hearing protection, both in the field and in vehicles, have traditionally consisted of an external microphone placed in front of the mouth and noise-reducing cups over the ears. The market for this type of product is large, mature and dominated by a small number of major providers.

Small, advanced communication headsets with in-ear microphones are becoming increasingly common in more extreme and mission-critical environments. There is a handful of suppliers on the market, such as manufacturers of helmets offering an integrated communication solution and hearing protection in the form of muffs.

INVISIO's competitive advantage lies in a comprehensive concept that includes both advanced and market-leading in-ear and over-the-ear headsets along with patented cable technology. This combination enables unique system integration.

The offer is further enhanced by the Intercom solution for internal communication in vehicles, boats and helicopters.

### Headsets and hearing protection for environments with constant and extreme sound levels

The acquisition of the UK company Racal Acoustics in 2021 enabled INVISIO to broaden our offer with a new, complementary product category consisting of advanced and robust

# 250k

users of  
INVISIO's systems

<sup>1)</sup> Market data are based on INVISIO's internal assessments of industry statistics.

*Market for personal systems, cont.*

hearing protection and communications headsets for users in environments with constant high noise levels.

Users of Racal Acoustics branded equipment are often stationed or traveling in large military vehicles.

**A large and growing market**

In 2023 the activity level increased in the market for heavy military vehicles, partly as a result of the war in Ukraine, which in turn also increased demand for communication equipment and hearing protection adapted for extremely noisy environments.

**Industry statistics**

Market surveys show that the total number of vehicle crew and passenger positions needing a headset for communication and hearing protection is about 1.7 million. We estimate that 1.2 million of these are relevant to address. The value of the global addressable market for the Racal Acoustics brand is estimated at SEK 7.0 billion. As a rule, customers carry out procurements at 15-year intervals, which means that the average annual target market is about SEK 0.5 billion.

**Market leader in a mature market**

The market for our products in this niche is relatively mature and dominated by a small number of providers. For many years, Racal Acoustics has been the leading brand in this

area. The name is well-known and strong among customers and the market as a whole.

Armored vehicle procurement programs and framework agreements often span long periods, in some cases up to 20–25 years, which makes sales more stable compared to INVISIO branded products. Deliveries of products sold under the Racal Acoustics brand often lie further in the future than is the case for INVISIO branded products.

# SEK 0.5 billion

The annual addressable market for headsets and hearing protection adapted for environments with a high noise level is estimated at SEK 0.5 billion.





## Market for the Intercom system

INVISIO's Intercom system addresses communication needs that arise while in transit, where team members want to be able to communicate both among themselves and with the driver and also with units outside the vehicle. In these environments, the Intercom system facilitates simple and cost-effective communication.

The market for solutions that enable internal communication in military and law enforcement transport equipment has until now been dominated by large, stationary systems. High purchasing costs have meant that this equipment is normally only mounted in large vehicles. INVISIO's cost-effective solution expands the market by making the Intercom system available for smaller vehicles as well. The Intercom system can be carried by an individual user as a portable solution or mounted in a vehicle or other transport equipment.

The Intercom system is already used in live operative environments and a number of customers have also certified the solution for use in Black Hawk helicopters.

### The portable system

Initially, INVISIO has decided to focus on the portable offer and direct it towards our current personal system users. We estimate that the addressable market is 25,000–40,000 systems.

We also assess that customers will carry out procurement rounds at intervals of five to seven years, which puts the annual addressable market for INVISIO at about SEK 0.5 billion.

### The mounted system

Going forward, INVISIO also intends to address customers' existing vehicle fleets, as well as vehicle manufacturers and equippers. We estimate that there are about 650,000 vehicles relevant to our offer. The estimated life of the mounted system is about 10 years, which equates to an annual addressable market of about SEK 6.5 billion.

### Competition

No providers currently offer similar systems for small and ordinary military vehicles. Direct competition to the Intercom system is therefore considered to be relatively limited. Instead, the challenge is to establish a new solution in the market.

The system is developed in close collaboration with a number of key customers and is at present offered primarily to existing customers.

This means that sales are expected to get going faster than when the personal system was introduced. All volume sales, however, take place in the context of time-consuming public procurement processes.

At a later stage, when INVISIO addresses vehicle manufacturers and companies that equip military vehicles, we will encounter more competition because traditional larger internal mounted communication systems already exist in the market. However, these are less flexible and considerably more expensive than INVISIO's alternative.

# SEK 0.7 billion

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The annual addressable market for the Intercom system is estimated at SEK 7.0 billion





# Sustainability

At INVISIO we base our sustainability engagement on a materiality analysis that identifies the most relevant aspects for the group. These include contributing to a safer work environment for users, reducing the risk of hearing loss and minimizing the climate and environmental impact of our business operations. Initiatives are conducted in close interaction with suppliers, partners and customers.



## ABOUT THE SUSTAINABILITY REPORT

INVISIO has prepared a sustainability report for the group in accordance with the Annual Accounts Act, chapter 6. The reporting is based on the sustainability areas that are most material in the context of the company's business model, value chain and stakeholders. The sustainability report is submitted by the board of directors of INVISIO AB, but is not part of the formal annual report.





# INVISIO and sustainability

In sustainability, we base our engagement and actions on a long-term perspective, dedication to constant improvement and a close focus on user needs. Our climate and environmental impact is considered to be limited.

INVISIO’s products enable communication in extreme conditions. They reduce the risk of work-related injuries and help prevent hearing loss. Users are professionals employed by defense, law enforcement and security organizations.

In addition to reducing the risk of injury and personal suffering, our products also help reduce the social costs arising from the care and compensation of people who suffer from hearing loss and related issues.

Most of our products are classed as personal protective equipment and thus fall outside the legislative and legal requirements that regulate military equipment. The exceptions are a few older Racal Acoustics branded headsets that are classed as military products because that business previously formed part of a defense conglomerate.

### Limited environmental impact

INVISIO’s operations are not subject to licensing requirements. Our environmental impact arises above all from manufacturing (in the form of consumption of resources, mainly plastic and metals) and CO<sub>2</sub> emissions (connected to travel and production of input components). The group’s overall environmental impact is considered to be limited. Nonetheless, we work continually on improvements and efficiency gains. Other priority areas include business ethics and anti-corruption. Here, we conduct structured initiatives that cover suppliers and partners as well as the INVISIO organization.

### INVISIO’S SUSTAINABILITY PRINCIPLES

- INVISIO’s products should contribute to reducing the risk of personal injury or hearing loss.
- INVISIO only collaborates with established partners that share the company’s views on sustainability, labor conditions, business ethics and quality.

- INVISIO endeavors as far as is possible to choose materials and production methods that are environmentally friendly.
- INVISIO seeks to offer a good workplace with development opportunities for each individual.
- All INVISIO’s employees are included in incentive and option programs.



Thomas Larsson, CFO

### What does sustainability mean for INVISIO?

“For us, sustainability is to a great extent about safeguarding users’ health and taking care of our employees. Another key area is business ethics, where since inception we have made great efforts to forge a company culture in which responsibility and ethics form a clear part of our DNA and are a common benchmark in all our business relationships. Our overall environmental impact is deemed to be more limited, but of course we work actively to minimize emissions, resource use and other negative impacts.”

### Requirements are steadily increasing. What does that signify for the business?

“Tougher requirements from customers, regulators, government authorities and employees ultimately give us a competitive advantage because we work actively on these issues and have done so for a long time. As a consequence, we are far ahead of many other market players.”

### What preparations have been made for the new CSRD Directive regarding sustainability reporting?

“In 2023 we increased our pace of preparations for CSRD and also enlisted external expertise. The CSRD is a comprehensive regulatory code and requires implementation of a completely new reporting standard. Central to our work has the execution of a double materiality analysis, where we identified the areas in which our impact is greatest – and the areas that have the greatest impact on our business.”

# How we manage sustainability

We integrate sustainability in our day-to-day activities, building our approach on a code of conduct for employees and suppliers and other group-wide policy documents. Our focus is on the areas and issues identified in the double materiality assessment.

## Board's work on sustainability

INVISIO's board of directors is ultimately responsible for the administration of the company in the interests of the business and its shareholders. This mission also includes responsibility for ensuring the company's long-term sustainability. The board is responsible for overseeing strategic and resilient sustainability management and for transparent, relevant and reliable sustainability reporting.

Sustainability management builds on group policy documents, including the code of conduct, that are revised annually.

In 2023 INVISIO had no stated sustainability goals. The ambition is to develop and adopt such goals in 2024.

Reporting by management of sustainability activities to the board normally takes place at board meetings. Any instances of non-compliance with INVISIO's sustainability commitments and code of conduct are reported to the board if and when they occur, along with measures taken.

Together with the CEO, the board of directors is also ultimately responsible for ensuring that INVISIO's sustainability report is prepared in accordance with the Annual Accounts Act and is continually adapted to applicable laws and directives.

## Group management

The CEO and group management are responsible for ensuring that the business operates sustainably. They also review the materiality analysis when it has been updated.

The group has decided against setting up a sustainability function. Instead, control and reporting are delegated to several different functions. Management is responsible for implementing policies and ensuring compliance. Management is also responsible for ensuring that all business activities are conducted ethically.

INVISIO's investor relations function is responsible for compiling and producing the annual sustainability report.

## Governing policies

All INVISIO's employees are subject to board-approved policies. More information about policy documents and policies linked to the company's material sustainability issues can be found in the relevant section of the sustainability report.

## Preparations for CSRD/ESRS

In 2023 INVISIO conducted activities aimed at preparing the company for implementation of the European Union's new Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). A central part of this work involved carrying out a double materiality analysis.

## Overall goals

INVISIO has not presented any goals related to sustainability for the 2023 fiscal year. The ambition is to adopt goals in relevant areas during 2024. These goals will be set on the basis of the materiality analysis carried out in late 2023.



## A clear ESG agenda

INVISIO's sustainability activities span the value chain and cover a wide range of areas, including environmental, social and governance (ESG) aspects. Among the most important are assuring the function and quality of finished products, establishing an optimal sustainable production setup and developing the principles for how INVISIO does business.

**Environment** Work to limit and minimize environmental impact covers all stages of the value chain. *Read more on pages 33-35*

**Social sustainability** Social aspects cover INVISIO employees, employees of external partners and contractors and the users of INVISIO's products. *Read more on pages 36-42*

**Governance and corporate social responsibility** INVISIO aims to maintain a culture of transparency and high business ethics. *Read more on page 43*



## Environment

# A sustainable value chain

INVISIO's operations have a real and potential impact on the climate and environment. This impact is direct (through our own operations) and indirect (upstream and downstream in the value chain). Efforts are made at all stages to limit negative impacts. Our own operations are where our scope for control is greatest.

- 1) REACH (Registration, Evaluation, Authorisation and restriction of Chemicals) is an EU regulation applicable to production and safe use of chemicals.
- 2) RoHS (Restriction of the use of certain Hazardous Substances) is an EU directive that prohibits or restricts the use of certain heavy metals and flame retardants in electrical and electronic products.
- 3) WEEE (Waste Electrical and Electronic Equipment) is an EU directive for the treatment of electric and electronic waste.

### > Product development

Direct sustainability-related impacts, both environmental and social, are limited in the product development phase. More direct impacts arise later in the value chain, both during production and after products reach the end of their life cycle, and apply in relation to function, quality, user-friendliness and environmental impact.

The inputs that can have the greatest impact are decisions taken when drawing up a production specification for a new or updated product. These include choices of materials and production method. Here we seek to choose the most environmentally friendly material to minimize risks arising from production, use and scrapping. Relevant aspects that have a bearing on production are discussed with the contract manufacturer. This collaboration ensures both a good end-result and a production method with the smallest possible environmental impact.

### > Manufacture

The input components for INVISIO's products consist primarily of plastics and metals typically used in the manufacture of electronic products. Our products do not contain "conflict minerals". Currently, the plastic in our products is made from virgin raw material. Working with partners, we have evaluated the scope for using recycled plastic instead. However, this material has fallen short of our quality and functionality requirements. Only a few of our products contain batteries. Most are powered by the sound source, usually a radio.

Given that our products are relatively small and not manufactured in large volumes, the production process is not energy-intensive and does not entail significant emissions to water or air. For this reason, INVISIO's overall environmental impact related to production is considered to be limited.

The production strategy is based on close and long-term partnerships with leading, established contract manufacturers. A crucial factor in supplier selection, apart from quality and price, is that they comply with the requirements of REACH<sup>1)</sup>, RoHS<sup>2)</sup> and WEEE<sup>3)</sup>.

INVISIO has consciously chosen, in so far as is possible, to purchase components from suppliers in Europe and the US because this optimizes the conditions for effective collaboration regarding quality and sustainability aspects. Among our larger contract manufacturers are the listed Finnish company Scanfil, which presents its environmental work in detail on its website and in its annual report.



A sustainable value chain, cont.

> **Marketing and sales**



INVISIO's product sales are conducted mainly by in-house personnel based in Denmark, France, the US, UK, Italy and Thailand. Some sales are also via distribution partners. Sales activities and training operations involve travel and

this is where INVISIO's main environmental impact lies. At the close of 2023, our sales and marketing organization accounted for around 35 percent of employee headcount.

> **Use and end-of-use**



Environmental impacts in connection with the use of our systems are virtually non-existent. Only a few INVISIO products contain batteries. Most are powered by electricity from the sound source, which is usually a radio.

INVISIO is subject to producer responsibility requirements. These include responsibility for collecting, recycling and treating the waste that arises when a product reaches its end of life. We have clear procedures to facilitate this process, but in practice it is usually managed by customers. Racial Acoustics branded products, which are mainly

used in vehicles and over longer time frames, are often sent to our UK center for repair. It is rare for other products to be returned to INVISIO when they have reached the end of their useful life. It is unclear whether such an approach would generate environmental gains because it often involves long-distance transport.

In our agreement with the Swedish Police and Danish defense forces, the group has undertaken to offer a recycling system.



A sustainable value chain, cont.

## > Greenhouse gas emissions reporting

### Greenhouse gas emissions according to the GHG protocol

Category	2023	2022
Scope 1	25	25
Scope 2 – market-based <sup>1)</sup>	65	64
Scope 2 – location-based	102	104
<b>Total market-based<sup>1)</sup></b>	<b>90</b>	<b>89</b>
<b>Total location-based</b>	<b>127</b>	<b>129</b>
<b>Scope 3<sup>2)</sup></b>		
Purchased goods and services	9,421	6,140
Upstream transportation and distribution	1,059	901
Business travel	1,483	1,147
<b>Total scope 3</b>	<b>11,963</b>	<b>8,188</b>
<b>GHG intensity, tonnes Co<sub>2</sub>e/SEK million sales</b>	<b>9.73</b>	<b>10.68</b>

1) Residual mix or green electricity certificates are used to report market-based emissions.

2) EEIO emission factors from Exiobase are used to report scope 3 emissions using a spend-based method.

### Purchased energy<sup>3)</sup>, MWh

	2023	2022
District heating	191	190
Natural gas	0	0
District cooling	29	34
Electricity	305	304
<b>Energy total</b>	<b>587</b>	<b>528</b>
of which green electricity	84%	84%

3) Energy reporting includes the offices in Copenhagen and London.

### Greenhouse gas measurement

During the year we updated our measurement of greenhouse gas emissions to better reflect the manufacturing footprint and to cover all production of both our brands. Measurement is conducted in accordance with the GHG protocol. Each group legal entity collects scope 1 and 2 data and reports using activity data. For all scope 3 categories, an expenditure-based method is used whereby an EEIO emissions factor is applied based on the costs arising from each category.

### Changes from last year

Due to changes in the measurement method, calculation methods and scope were also adjusted in relation to categories, assumptions and coverage. This resulted in product manufacture being included for the first time in the purchased goods and services category. Scope 2 reporting also changed due to a higher mix of district heating and cooling. Reporting of business travel and upstream transportation and distribution changed in response to changes in emission factors and assumptions.

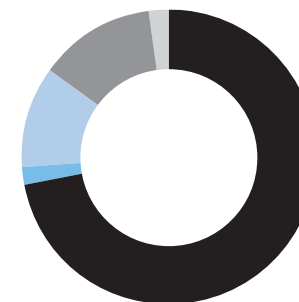
### Result

Scope 1 and 2 greenhouse emissions were stable, reflecting the fact that INVISIO's manufacturing is outsourced and no major organizational changes took place during the year. Scope 3 emissions increased by almost 50 per cent, mainly due to increased business activity, although intensity in relation to sales decreased by 9 percent.

The improved result in relation to sales was mainly due to a change in the production location mix relating to a higher ratio of production coming from Scanfil.

The group will continue to evolve its measurement methods, ensure access to more primary data and define goals and metrics to promote greater supply chain collaboration, to improve product development and to further limit environmental impacts from the value chain.

### Distribution of CO<sub>2</sub> emissions



- Purchased goods and services, 72%
- Scope 1, 0%
- Scope 2, 2%
- Upstream transportation and distribution, 11%
- Business travel, 13%
- Other 2%

## Social sustainability

# Responsibility throughout the value chain

INVISIO's business operations impact on our employees, on external contractors and on users of our products. We aim at all times to ensure good working conditions, nondiscrimination and equal opportunities for all – both for our own employees and for external contractors' personnel. Continuous efforts are made to develop products that contribute to a safer work environment for users and thus mitigate the risk of work-related injuries.





Social sustainability, cont.

## An attractive workplace

Competition is high for skilled, experienced and committed employees. The ability to identify, develop, attract and retain the right talents with the necessary skills and mindsets is crucial for the group's continued success.

We work constantly to develop our attractiveness as an employer. We do so by offering market-based employment terms and conditions and also by offering a stimulating work environment and good opportunities for personal advancement. Alongside external recruitment, we also seek to promote internal mobility and career development.

INVISIO's employees work mainly in R&D, sales and marketing. We also have teams in central functions such as human resources, accounting, customer service, communications and market and business development.

Employees are based mostly in Denmark, the UK and the US, where national legislation generally establishes high and comprehensive standards for working conditions, pay, work environment, health and safety and human rights.

Group personnel also include contracted consultants and students.

INVISIO's code of conduct applies to employees and contractors. It is based on international guidelines including the UN Global Compact's 10 principles for human rights, labor, environment and anti-corruption, the OECD's guidelines for multinational enterprises, the ILO's core conventions and the UN guiding principles on business and human rights.

### Equal treatment and equal opportunities for all

Throughout INVISIO, work is ongoing to guarantee procedures for managing the risks and opportunities that arise from nondiscrimination and equal opportunities for all, both before and during each individual's term of employment.



### High score in employee survey

Great effort is invested in regularly measuring and following up employees' attitudes and satisfaction. Regular employee surveys are an important part of this work, allowing monitoring, increased transparency and the ability to quickly take the right type of action.

The employee survey carried out in early 2024 had a participation rate of more than 80 percent, and INVISIO received high scores. The Employee Net Promoter Score (eNPS) was 50, which is high and a strong rating for INVISIO as an employer. The eNPS is a method to measure how willing employees are to recommend their workplace to others. The main advantages of eNPS are that it is a fast and

simple way to measure levels of employee loyalty and commitment. A single question is asked: "How likely are you to recommend your employer to others?" Respondents specify the likelihood that they would recommend INVISIO on a scale from 0 (Not at all likely) to 10 (Extremely likely). Scores between 0–20 are good, between 20 and 50 very good and anything over 50 is regarded as an excellent rating.

# 50

Employee Net Promoter Score 2023

*Social sustainability, cont.***Equality and diversity**

At INVISIO everyone – regardless of sex, gender identity, ethnicity, sexual orientation, age, religion or other belief – should have the same chance at recruitment and career development. Non-compliance and any form of discrimination are unacceptable. The employee handbook addresses issues relating to the work environment and health and safety. As in many technology companies, the ratio of female to male employees is relatively low. At the close of 2023, 17 percent (19) of employees were female. The stated objective is for both sexes to be represented among the final candidates in all recruitment processes. The long-term goal is to achieve a more even gender balance. Fifty percent of INVISIO's board directors are female.

**Skills-based and impartial recruitment process**

INVISIO strives to be an organization with employees from diverse backgrounds and with different levels of experience. We work actively to create a recruitment process that is as objective and expertise-based as possible. Diversity and inclusion are taken into account when drafting job advertisements in terms of the language and images used, with the objective of attracting a broad candidate base. Standardized and comparable questions are increasingly replacing personal letters, and recruitment tests are used at an early stage before candidates are called for interview. The human resources function supports and provides further training for managers to promote impartial and skills-based recruitment processes.

**Training and professional development**

INVISIO is dependent on employees with the right skills to operate and develop the business. Training is an important factor in developing employees and encouraging commitment. It is also a prerequisite for retaining people and giving them opportunities to grow and pursue a career with us. Training and development are to be offered to all employees as needed. Among our professional training activities is the GROW leadership program, which is run externally and in which many employees have participated over the years.

**Incentive and option programs for all**

All employees are included in the annual incentive program. Outcomes are governed by regulations determined by the board and are linked to the company's performance during the year. In addition, all employees are included in the two current share option programs, provided that they were employed at the start of the relevant program. This structure reflects a desire to promote engagement and a sustainable long-term people approach that strengthens our employer brand attractiveness.

**Workplace health and safety**

Our employees' physical and mental health, at work and outside work, is the highest priority. As employer, we are responsible for ensuring a safe work environment for all personnel. We are required by law to systematically and proactively work to identify any risks and hazards at the workplace – and to take corrective action as needed.





*Social sustainability, cont.*

A group employee handbook explains the responsibilities and procedures around planning, implementation and follow-up of measures to prevent ill-health and to promote a secure and safe work environment. Employees also have various types of insurance coverage linked to workplace health and safety.

### Collective agreements and trade union representation

INVISIO supports the right to freedom of association, collective agreements and trade union representation throughout the organization.

### Competitive and fair pay

Salary is an important means to reward good performance and promote professional development. Salaries are set in a structured way in accordance with the pay policy, which is annually revised by management. The policy requires salaries to be differentiated and individual, with a clear link between pay increases and the employee's input. Salary levels must be based on systematic assessments in accordance with the company's pay criteria and may not be discriminatory on the grounds of gender identity or background.

An annual pay survey is carried out to ensure that salaries are fair and market-based. The survey benchmarks employees' pay internally and externally using criteria such as professional role, work experience and age. Unexplained deviations are followed up with the pay-setting manager. In cases where pay differences cannot be explained, action such as pay revision may be taken.

### Pensions and insurance

All employees are entitled to an occupational pension and are also covered by a number of insurance policies both during and outside working hours. Local conditions govern how these are structured.

### Vacation and leave

All employees have a statutory right to vacation and to take an uninterrupted period of leave for which the number of days and how they are organized varies from country to country. Depending on the type of position held, additional vacation days may be added to the statutory number, for example in cases where overtime compensation does not apply. All employees also have the right to take leave for family reasons, for example when caring for a child or close relative.

### Employee performance review

Regular employee performance reviews are a central part of ensuring an attractive workplace. The objective is to strengthen internal working relations and collaboration, as well as to motivate and help colleagues achieve individual objectives.

### Increased headcount in 2023

At year-end, the number of employees, restated as full-time equivalents, was 248 (208), of which 206 were male (169) and 42 were female (39). In recent years the recruitment rate has been high. In 2023, headcount increased by 40 people, mainly in R&D and sales.

Staff turnover in 2023 was 6 percent (12). Short-term sickness absence in relation to the total number of hours worked was 2 percent (2).



## Work-life balance

INVISIO works continuously to create conditions to enable employees to maintain a good work-life balance over time. For example the possibility is offered of flexible working hours and hybrid work to the extent possible and appropriate in terms of role and position.

Social sustainability, cont.

**DIVERSITY INDICATORS, BOARD OF DIRECTORS AND MANAGEMENT**

**Board of directors**

	Number	Percentage
Female	3	50%
Male	3	50%
<b>Total</b>	<b>6</b>	<b>100%</b>

Age interval	Number	Percentage
<30 years	-	-
30-50 years	1	16.66%
>50 years	5	83.34%
<b>Total</b>	<b>6</b>	<b>100.00%</b>

**Management**

	Number	Percentage
Female	-	-
Male	6	100%
<b>Total</b>	<b>6</b>	<b>100%</b>

Age interval	Number	Percentage
<30 years	-	-
30-50 years	-	-
>50 years	6	100%
<b>Total</b>	<b>6</b>	<b>100%</b>



**High percentage of employees in R&D**

More than a third of INVISIO’s employees work in R&D. Their specialty areas include acoustics, electronics, mechanics and software. Elsewhere in the organization, our people have skills in areas ranging from sales and marketing to

quality assurance and purchasing. The majority of employees work at INVISIO’s headquarters in Copenhagen. The remainder work in the US, France, UK, Italy and Thailand.



Social sustainability, cont.

## Workers in the value chain

INVISIO relies on external workers employed by value chain partners and subcontractors. Our code of conduct for suppliers sets out the guidelines that govern the actions of these personnel and their employers. The code is based on the UN Global Compact's 10 principles for human rights, labor, environment and anti-corruption.

### Clear requirements and expectations

The central principles of the INVISIO code of conduct for suppliers include a requirement that contracted suppliers must endeavor to create a positive and healthy work environment that is based on equality and diversity and that safeguards individual integrity. The code prohibits discrimination on grounds of age, sex, gender identity, religion, functional impairment, sexual orientation or ethnic background. All forms of harassment and bullying are also prohibited. INVISIO has zero tolerance of corruption and requires employees and partners to act ethically and to avoid any conflict of interest.

Suppliers are expected to continuously improve standards of environmental protection to reduce negative impacts of operations. This applies to both products and services.

Furthermore, suppliers are expected to safeguard employees' freedom of expression and right to freedom of association and also to dissociate themselves from all forms of child and forced labor. They must also support and respect internationally declared human rights and take reasonable measures to avoid direct or indirect abuses in the supply chain.

### Clear requirements and control

Major purchases are competitive and centralized procurement processes are carried out to increase control of suppliers and the entire purchase chain. When selecting suppliers and when assuring the quality of supply, INVISIO applies internal criteria to ensure compliance with rules, regulations and our own requirements and guidelines. These require that quality, service, logistics and environmental



impact must be considered alongside price.

INVISIO seeks to develop extended procedures for validation of partners and due diligence processes. Before entering into a framework agreement, a first examination must be made that includes inspecting corporate tax compliance, ownership structure, credit reports and insurance status and determining the existence of any prior disputes. During the framework agreement period, spot checks may be made to establish the presence of digital staff registers and correct payment of employer social security contributions.

### Whistleblowing

INVISIO has a whistleblower hotline to enable external workers to anonymously report suspected cases of non-compliance with laws or regulations on working conditions or human

rights. Reports of suspected non-compliance or fraud can be made via an online form that guarantees full anonymity. It is also possible to phone in a report.

A no-reprisals policy is applied to create a secure environment where employees can feel free to report problems or fraud without fear of negative repercussions, and to support a healthy corporate culture based on compliance with ethical standards.

Social sustainability, cont.

## Safer work environment for users

INVISIO's communication systems help users work more safely and efficiently while protecting them against hearing loss. Apart from reducing the risk of occupational injury, our systems help reduce the costs that arise from the provision of care and compensation in relation to hearing loss.

INVISIO provides products and systems that make a real contribution to a safer work environment for users. The advantages include clear communication in environments with high noise levels, increased situational awareness, improved communication capacity and enhanced flexibility. By combining active and passive protection, our systems prevent hearing loss and related conditions that can arise as a result of exposure to high noise levels.

### Work based on cross-functional quality management system

Meeting customers' requirements and needs is an important part of INVISIO's legacy and DNA. To ensure high quality and compliance with regulations we apply a cross-functional quality management system (QMS) in all processes, spanning idea generation, requirement specification, design, manufacture, delivery and aftermarket. The system is designed to ensure that customer requirements and needs are met throughout the value chain. It entails a long

series of processes and procedures and covers all departments.

The QMS is certified under ISO-9001:2015. Each process is developed with the aim of ensuring that INVISIO is constantly focused on product performance, reliability, safety and compliance with regulatory product requirements. All future products follow a detailed verification and validation plan that includes environmental test plans for temperature, humidity and similar parameters, in accordance with international standards. All critical customer and regulatory qualification tests are conducted by independent external test laboratories that are accredited for the relevant procedures.

Apart from requirements that are directly related to customers, the QMS also includes global, regional and local regulatory standards for the products and their performance and safety, such as electromagnetic compatibility. Depending on the region and country, this may include CE labeling of products to cover EU regulatory requirements. As regards hearing protection, the company's core activity,

INVISIO is approved under the current relevant EN352 regulations, which require extended independent annual external audits.

The QMS constantly monitors system function. Quarterly reports are submitted to management on performance and areas requiring attention and improvement. These ensure the further development of the QMS to support INVISIO's growth and business risk management.

### Many advantages

INVISIO provides products and systems that contribute to a safer work environment for users in a very real way. The main advantages of our products and solutions are:

- **Clear communication in environments with high noise levels.** The systems and their advanced microphones enable communication in environments in which normal speech cannot be heard, and in situations where access to correct information may be the difference between life and death.
- **Increased situational awareness** External microphones pick up and amplify ambient sounds. They make it possible to hear sounds that the human ear cannot otherwise perceive and the direction they are coming from.
- **Improved communication capacity and increased flexibility.** Combining the personal system with the Intercom system, primarily used in vehicles, enables communication that is considerably more effective and efficient than would otherwise be possible.
- **Protection from hearing loss.** Our products protect against hearing loss and related conditions that may arise as an effect of high noise levels. It is not unusual for hearing loss to adversely affect perceived quality of life.



## Governance and corporate social responsibility

# Ethical approach and responsible business practices

INVISIO's strategies and policies on ethics and against corruption are of central importance. We work actively to uphold high standards that inspire trust and confidence in the group among customers, suppliers, employees, partners, shareholders and society in general.

INVISIO aspires to maintain a transparent culture and high ethical standards in all our business activities. Since inception in 1999, we have grown rapidly. Our aim is to continue to grow, which demands clear and transparent governance and effective internal collaboration to ensure corporate social responsibility.

To manage opportunities and risks, we regularly train our people in applicable policies. We actively promote a healthy company culture and we implement systems and processes that make it possible to prevent, detect, investigate and act on any incident that occurs.

### Employee and supplier code of conduct

INVISIO's code of conduct for employees and suppliers is based on international guidelines including the UN Global Compact's 10 principles for human rights, labor, environment and anti-corruption, the UN's guiding principles on business and human rights, the ILO's core conventions and the OECD's guidelines for multinational enterprises. Each INVISIO employee is responsible for complying with the code. Management and line managers are responsible for



ensuring that all employees possess the awareness and knowledge of how they must act in accordance with the code.

All major suppliers have signed a code of conduct for suppliers and an anticorruption policy. INVISIO regularly and thoroughly inspects contract manufacturers and important suppliers. Inspections cover multiple areas, including product quality, production methods, work environment and quality-related training of personnel. A working group consisting of representatives from INVISIO's supply chain, manufacturing and quality assurance functions is responsible for assessing, approving and continuously evaluating suppliers. Written reports are drawn up and any non-compliance with agreements is discussed with the manufacturer. Where necessary, a deadline is given for corrective measures to be taken.

### Incident prevention, detection, investigation and response

INVISIO's preventive approach to business ethics spans governance and policy frameworks, regular communication with employees and

partners, and training. We require procedures and guidelines to be in place to give employees and partners clarity on what constitutes ethical business practice. Internal control and a whistleblower hotline are important tools for bringing any malpractice to light.

### Whistleblower hotline

The group has a third-party whistleblower hotline that enables employees and others to report anonymously and via an external party any irregularities that contravene the law or INVISIO's code of conduct, values and policies.

The hotline's purpose is to ensure that any irregularities come to the company's attention if communication via the immediate manager or the human resources function is for any reason not possible.

### Political involvement

INVISIO does not support political parties through donations, lobbying or otherwise.

# The INVISIO share and ownership structure

## Share capital

At the close of 2023, share capital in INVISIO AB (publ) was SEK 45,590,194 divided between 45,590,194 shares with a quotient value of SEK 1.00. Each share confers one vote and each person entitled to vote may vote at the general meeting of shareholders for the full number of shares owned and represented. All shares confer the same right to participate in the company's assets and profit. Full share capital development is presented on INVISIO's website, <https://corp.invisio.com/the-share/share-capital-development>.

## Trading in the share

The INVISIO share has been listed on Nasdaq Stockholm since May 29, 2015 and since 2016 has been included in the Mid Cap segment. The highest closing price paid during 2023 was SEK 246.50 and the lowest was SEK 155.80. The closing price on December 29, 2023, was SEK 195.60, giving a total market value of SEK 9.0 billion. Per day shares were traded on average for SEK 12,240,308 million with an average of 475 trades. The total trading volume for the full year was SEK 5.8 billion.

## Shareholders

The number of registered shareholders at the close of the year was 5,442 (5,012) according to data from Euroclear. The ten largest shareholders accounted for 59.8 percent of the company's shares on the balance sheet date. Swedish and Danish ownership accounted for 33.6 and 34.4 percent respectively of the votes and capital.

## Proposed dividend

The board of directors of INVISIO proposes to the 2024 annual general meeting that a dividend of SEK 1.30 per share be distributed for 2023 (0.70). 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 the dividend that over time it should constitute 25 to 50 percent of profit after tax.

## Employee stock option program

At the 2020, 2022 and 2023 annual general meetings it was resolved to offer the staff an incentive program based on stock options, the employee stock option program 2020/2023, 2022/2025 and 2023-2026. The programs are for all employees of the group. To ensure availability of shares in INVISIO for transfer within the programs, stock options were issued for the wholly-owned Danish subsidiary INVISIO A/S. During the year the 2020/2023 employee stock option program was closed. A total of 541,500 allocated options were exercised. This increased the group's share capital by SEK 541,500 divided between 541,500 new shares. Share capital development is presented on INVISIO's website, <https://corp.invisio.com/the-share/share-capital-development>.

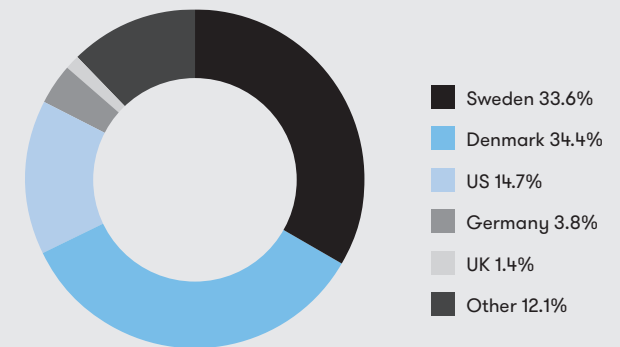
See Note 7 for further information.

## INVISIO's 10 largest shareholders as at December 31, 2023

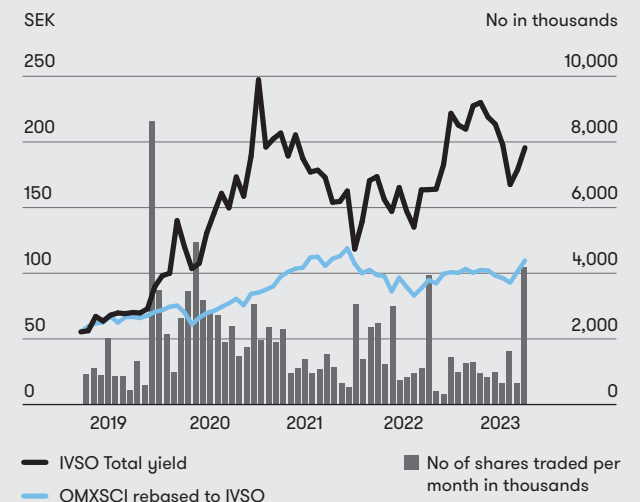
Owner	Number of shares	Percentage of votes and capital
William Demant	7,523,474	16.5
SEB Fonder	4,432,170	9.7
Swedbank Robur Fonder	2,950,000	6.5
Arbejdsmarkedets Tillaegspension (ATP)	2,795,114	6.1
Fidelity Investments (FMR)	1,945,232	4.2
Handelsbanken Fonder	1,799,772	4.0
Capital Group	1,794,697	3.9
C WorldWide Asset Management	1,683,833	3.7
Novo Holdings	1,436,325	3.2
AMF Pension & Fonder	1,388,937	3.1
Other	17,840,640	39.1
<b>Total</b>	<b>45,590,194</b>	<b>100.0</b>

Source: Monitor by Modular Finance AB. Compiled and processed data from, among others, Euroclear, Morningstar, and Finansinspektionen.

## Ownership by country, %



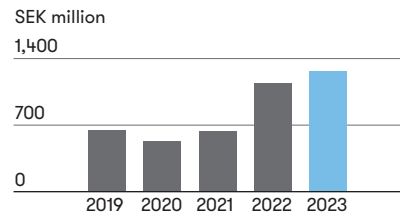
## Share price and trading 2019-2023





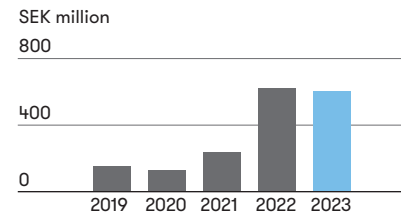
# Explanation of central key figures

## Order intake



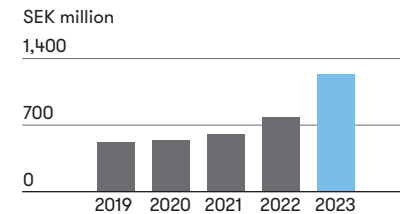
- Order intake consists only of confirmed orders.
- Order intake can fluctuate between quarters and the company's development should therefore be evaluated in a longer time perspective than an individual quarter.
- Since the tendency is that customers prefer to place more medium-sized orders instead of one large order, the fluctuations in order intake have become somewhat less.

## Order book



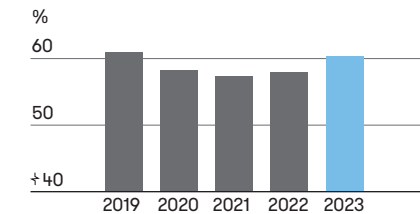
- The order book contains only confirmed orders as yet undelivered.
- Deliveries of products under the INVISIO brand are normally delivered within 2-6 months, while deliveries under the Racial Acoustics brand often extend over several years.

## Revenue



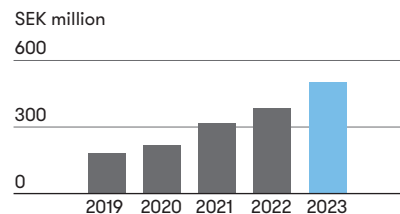
- Revenues follow a more even path than the order intake, as INVISIO has become better at predicting and planning production and deliveries.
- The target is to increase average annual sales by at least 20 percent per year. In 2019-2023 average annual sales increased (CAGR) by about 28 percent. The pandemic had a negative effect on sales.

## Gross margin



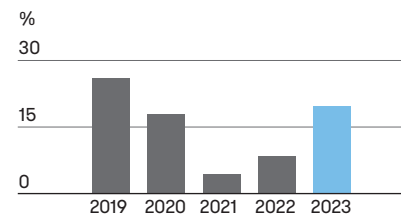
- Central drivers of the gross margin are the product mix, as well as the proportion of direct sales versus sales via distribution partners.
- Sales via distribution partners and products from third parties tend to have a slightly lower gross margin.

## Operating expenses



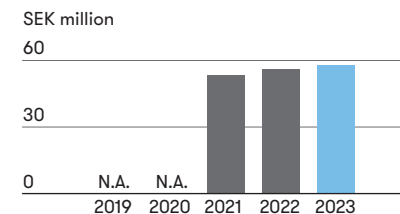
- Operating expenses comprise costs of selling, marketing, administration and R&D.
- A significant proportion of operating expenses is made up of personnel costs and for that reason the total costs are slow to change when there is sales growth. That means that increased sales have a direct impact on the operating margin.

## Operating margin



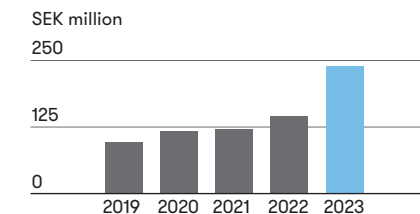
- The operating margin is to a great degree dependent on revenue, as the development of cost of goods sold is in direct relation to revenue, while operating expenses tend to have more stable development.
- The operating margin over time is to exceed 15 percent. During the period 2019-2023 the average margin was approximately 15.4 percent.

## Goodwill



- The group's goodwill arose in connection with the acquisition of Racial Acoustics in 2021.
- Impairment testing is performed annually. An impairment loss is recognized when there is an indication that the value of the asset has decreased. Since the acquisition of Racial Acoustics no impairment loss has been recognized and thus there has been no effect on financial performance.

## Inventories



- The inventory level has risen in recent years, which is an effect of a strategic decision. A large inventory is a direct competitive advantage because it enables fast deliveries.
- The cost of maintaining the inventory is limited as it contains standard products with a long life. The degree of obsolescence is normally very low.

# Corporate governance report

INVISIO AB (publ.) ("INVISIO") is a Swedish public limited liability company with its registered office in Stockholm. Apart from the parent company, the group consists of the wholly-owned subsidiaries INVISIO A/S (Denmark), INVISIO Communications SAS (France), INVISIO Communications Inc (USA), INVISIO Srl (Italy), Nextlink IPR AB, Nextlink Patent AB, Racal Acoustics Inc. (USA) and Racal Acoustics Ltd (UK). The group's head office is in Copenhagen. INVISIO has applied the Swedish Code of Corporate Governance ("the code") since the shares began trading in May 2015 and reports no deviations from the code for 2023.

### Principles for corporate governance

Governance of the company and group is based among other things on the articles of association, the Swedish Companies Act, the Nasdaq Stockholm Rule Book for Issuers and the Swedish Code of Corporate Governance ("the code"), as well as internal regulations and policies.

This corporate governance report is prepared as a separate document from the formal annual report. The responsibility for governance and control of the INVISIO Group is divided between the shareholders at the annual general meeting of shareholders, the board of directors and the CEO. An overview of the group's organization, governance and control, including external and internal policy instruments, is shown in the illustration on the right.

### Shareholders

#### Voting rights

The INVISIO share has been listed on Nasdaq Stockholm since May 2015. The company's share capital at December 31, 2023, was SEK 45,590,194 (45,048,694), divided into 45,590,194 shares (45,048,694), each with a quotient value of 1.00. All shares have equal voting rights and there is no limit to the number of votes each shareholder may use at an annual general meeting.

### Ownership structure

As at December 31, 2023, INVISIO had 5,442 shareholders (5,012). The total holding of William Demant Fonden was 16.5 percent of the capital and votes. No other shareholder's holding exceeded 10 percent.

### Annual general meeting

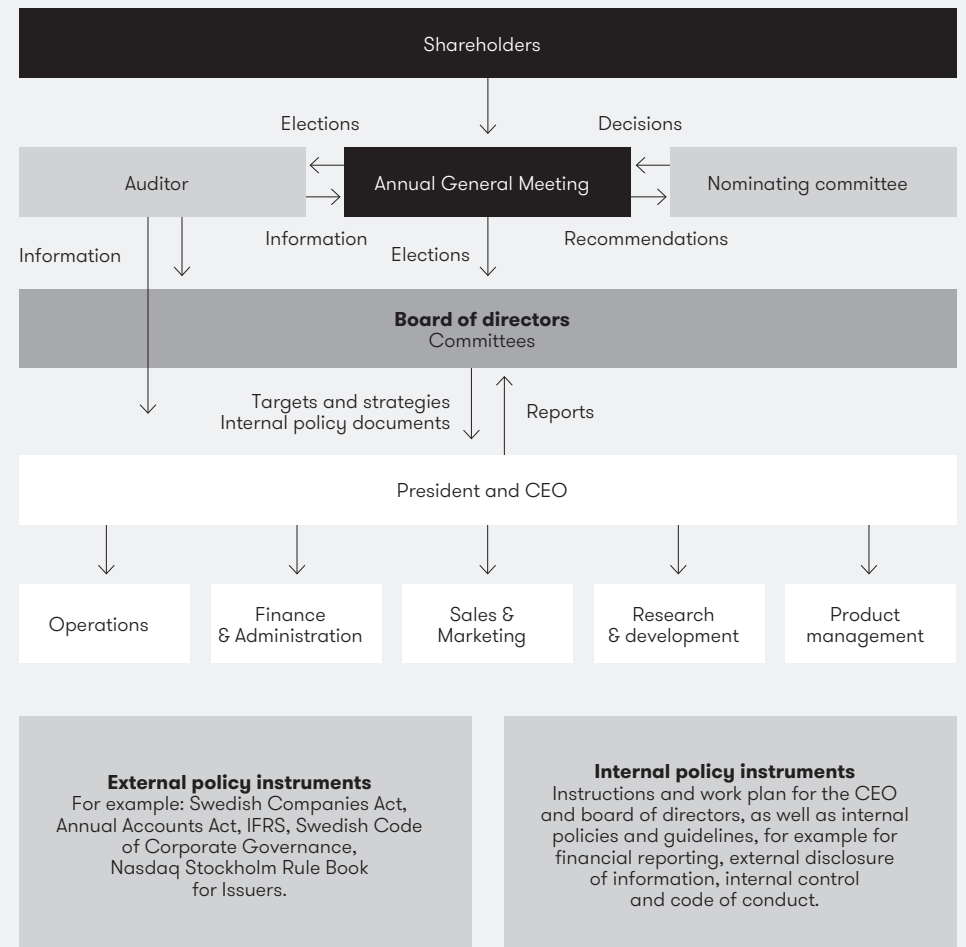
The annual general meeting (AGM) is the company's highest decision-making body. The AGM must be held within six months of the close of the financial year and is usually held in April or May in Stockholm. At the AGM, resolutions are adopted concerning: adoption of the company's income statement and balance sheet; disposition of the company's profit or loss; discharge of the directors and CEO from liability to the company; election of directors, the chair of the board and auditor; the setting of board and auditors' fees; and other items of business that are incumbent upon the AGM pursuant to the Swedish Companies Act, INVISIO's articles of association or the Swedish Code of Corporate Governance. An extraordinary general meeting of shareholders will be held where the board finds reason to do so in accordance with the Swedish Companies Act. The articles of association do not contain any special provisions concerning amendment of the articles by the general meeting of shareholders.

### Annual general meeting 2023

The AGM for the 2022 fiscal year was held on May 4, 2023. Participating shareholders and proxies represented 30,689,359 shares, corresponding to 68 percent of the total number of shares and votes. A number of the resolutions that were passed are set out below.

- The AGM adopted the income statement and balance sheet included in the annual report and resolved in accordance with the board's proposed appropriation of earnings and granted discharge from liability to the directors and the CEO.
- The AGM resolved to re-elect Annika Andersson, Martin Krupicka, Ulrika Hagdahl, Charlott Samuelsson

## Overview of corporate governance at INVISIO



and Hannu Saastamoinen as directors, and elected Nicklas Hansen as a new director and re-elected Annika Andersson as chair of the board.

- The AGM voted in accordance with the nominating committee’s proposed board fee. For more information, please refer to “Remuneration of the board and committees”, presented below.
- The AGM resolved in accordance with the board’s proposal on guidelines for remuneration to the CEO and other senior executives as presented on pages 52–53.
- The AGM resolved to authorize the board to issue shares corresponding to a maximum dilution of 10 percent, with a view to a possible raising of capital for expansion, investment and company acquisitions.

The minutes of the AGM can be found on the INVISIO website <https://corp.invisio.com/corporate-governance/annual-general-meeting>.

**Nominating committee for the 2024 AGM**

Member	Representing	Voting share, % <sup>1)</sup>
Elisabet Jamal Bergström (chair)	SEB Investment Management	9.7
Casper Lorenzen	William Demant Invest	16.5
Jesper Birch-Jensen	Swedbank Robur Fonder	6.5
Annika Andersson	Member as per chair of board	Not applicable

1) Source: Modular Finance, December 31, 2023.

**AGM 2024**

INVISIO’s AGM for the 2023 financial year will be held in Stockholm on May 7, 2024, at 16:00.

**Nominating committee**

The main function of the nominating committee is to present proposals to the AGM on the composition of the board, for approval by the AGM. The work of the nominating committee starts by studying the evaluation of the work of the board as commissioned by the board. The nominating committee then nominates directors and chair for the coming mandate period. Furthermore, the nominating committee presents proposals for the election of auditor and remuneration to the board and auditors.

**Composition of the nominating committee**

According to a resolution of the 2020 AGM, the nominating committee is to be appointed for the period until a new nominating committee has been appointed, for drafting and presentation of recommendations to the shareholders at the AGM regarding:

- chair of the AGM;
- number of directors;
- election of directors and chair of the board;
- remuneration of the board chair, directors and committee members;
- election of auditor;
- remuneration of the auditor; and
- other matters that may be incumbent on a nominating committee pursuant to the Swedish Code of Corporate Governance.

The nominating committee is to consist of four members and be tasked as follows: INVISIO’s nominating committee is to safeguard all shareholders’ interests and ensure professional preparation of a number of matters that are important for the company’s board work that are resolved by the general meeting of shareholders.

Three nominating committee members are normally to be appointed by the company’s three largest shareholders and the fourth is the board chair. Prior to the AGM, the chair of the board must contact the three largest shareholders, based on shareholder data as at August 31, and call a first meeting of the nominating committee at the latest seven months before the AGM.

If any of the largest shareholders decline to appoint a member to the nominating committee, the chair of the board is to invite the shareholder next in size to appoint a member. The analysis of ownership is to be based on Euroclear’s list of registered shareholders and on any other circumstances that are known to the board chair. In the event that a member voluntarily resigns from the nominating committee, the shareholder that appointed the outgoing member must appoint a successor, provided that the ownership structure has not materially changed.

If the ownership structure of the company is materially changed, the nominating committee can decide to change its composition so that the committee reflects the ownership of the company appropriately.

Even if changes are made to the company’s ownership structure, no changes need to be made to the composition of the nominating committee if the changes are minor or if a change occurs less than three months before the AGM, unless such changes are justified by special circumstances.

The member representing the largest shareholder by voting power is the chair of the nominating committee, unless otherwise agreed by the members. However, neither the chair of the board nor another director may chair the nominating committee.

The nominating committee is encouraged to contact large shareholders that have not appointed a member to the nominating committee as well as representatives of small shareholders to ascertain their views on matters pertaining to the nominating committee.

The nominating committee’s terms of reference apply until a future general meeting of shareholders resolves to amend them.

The members of the nominating committee and the shareholders appointing them are presented in the adjacent table. In 2023 the nominating committee held three meetings and maintained contacts between meetings.

**Remuneration of the nominating committee**

No remuneration is payable to nominating committee members. However, the nominating committee has the right to charge the company reasonable costs for engaging recruitment consultants, if such consultants are deemed necessary to obtain a suitable selection of board candidates.

**Board of directors**

The board of directors is responsible for INVISIO’s organization and for the management of the company’s affairs.

**Composition of the board of directors**

In accordance with the articles of association, INVISIO’s board of directors is to consist of a minimum of three and a maximum of eight members. The directors represent a group with technical, commercial and economic knowledge, with experience of business development, growth, sustainability and internationalization. They are well suited to their role and focused on conducting business sustainably in all respects.

The company applies rule 4.1 of the code as its diversity policy. The rule states that the composition of the board of directors must demonstrate diversity and breadth of qualifications, experience and background. Further, the company is to strive for gender balance. The board of directors is composed of three women and three men, which, in the nominating committee’s opinion, is compatible with the gender balance requirement. For further information on the directors, refer to pages 50–51.

The articles of association do not include any particular provisions on appointment or dismissal of members of the board.

**Independence of the board**

The composition of the board meets the requirements of the code concerning independent members. The independence assessments for each member are presented on pages 50–51.

**The board’s work plan**

The board follows an annual work plan. This is adopted at the first board meeting and the plan is thereafter updated as necessary. The work plan describes the responsibilities and duties of the board and its committees and the internal division of duties and working methods, including that between the board and the CEO. The current work plan was adopted on May 4, 2023.

**The work of the board**

Under the adopted work plan, the board must meet at least six times per year in addition to the first board meeting.

In 2023 the board held nine meetings, including the first meeting. The attendance of the members at the meetings is shown in the table in the corporate governance report.

Standing items at board meetings are business conditions, financial conditions and performance monitoring. Important matters during the year included business objectives, strategic focus, R&D initiatives and organization, and acquisitions.

INVISIO’s CEO and CFO participate regularly in board meetings. Other senior executives attend board meetings as presenters, if necessary. The presenter at board meetings is normally the CEO. The secretary is the CFO.



### Evaluation of the work of the board

For 2023, the evaluation took place partly through a questionnaire that was compiled by an independent party, and partly through separate interviews with all directors, conducted by the nominating committee. These interviews were performed by Elisabet Jamal Bergström, representing SEB Investment Management, Jesper Borch-Jensen, representing Swedbank Robur Fonder, and Casper Lorentzen, representing William Demant Invest.

### Directors' attendance at board meetings

Director	Attendance
Annika Andersson, chair	9 of 9
Ulrika Hagdahl	9 of 9
Nicklas Hansen	5 of 6
Martin Krupicka	7 of 9
Hannu Saastamoinen	7 of 9
Charlott Samuelsson	9 of 9

### Committees

#### Audit committee

The first board meeting after the 2023 AGM resolved that the audit committee would consist of a maximum of three directors.

The committee is to meet as necessary, though at least three times per calendar year. Meetings are to be minuted. Directors were elected to the committee as follows: Annika Andersson, Nicklas Hansen and Ulrika Hagdahl (committee chair). The duties and responsibility of the audit committee include:

- monitoring the company's financial reporting and submitting recommendations and proposals to ensure reporting reliability;
- monitoring the effectiveness of the company's internal control and risk management regarding financial reporting;
- staying informed about the audit of the annual accounts and the consolidated accounts, as well as the conclusions of the Supervisory Board of Public Accountants quality control;
- being able to report how the audit contributed to the reliability of financial reporting;
- examining and monitoring the external auditor's impartiality and independence, paying particular

attention to whether the external auditor provides the company with services other than auditing; and

- assisting with the preparation of proposals for the AGM resolution on the election of auditor.

For a new election of auditor, the committee's recommendation must include at least two alternatives for the audit engagement, and the committee must give reasons for its preferred alternative. In its recommendation, the committee must base its reasoning on the results of the compulsory selection procedure arranged by the company in line with the committee's responsibilities.

#### Remuneration committee

The board at its first meeting after the 2023 AGM appointed a remuneration committee consisting of Annika Andersson (committee chair) and Hannu Saastamoinen. The remuneration committee's duties and responsibilities include preparing matters for board decisions on issues related to remuneration principles, remuneration and other terms of employment for company management, and following and evaluating programs (both current and those completed during the year) for variable remuneration for company management, following and evaluating the application of the guidelines for remuneration of senior executives (which by law must be determined by the AGM) and of remuneration structures and remuneration levels at the company. In 2023 the remuneration committee met three times and in addition maintained contact between meetings. All members participated in these meetings.

#### Cybersecurity committee

In 2023 the board decided to establish a cybersecurity committee, consisting of Charlott Samuelsson (committee chair), Annika Andersson and Ulrika Hagdahl. The duties and responsibilities of the committee include:

- monitoring the company's IT security work; and
- monitoring the efficiency of the company's security work and IT risk management.

In addition, the committee is tasked with working to make cybersecurity risks a part of strategic decision-making and a priority in business operations, and to raise awareness and understanding of cybersecurity issues among directors.

The cybersecurity committee consists of a maximum of three directors, who appoint a chair. The committee is required to meet as necessary, but no less than three times per calendar year. During the period, three meetings were held and were all minuted.

#### Remuneration of the board and committees

The 2023 AGM resolved that board fees totaling SEK 675,000 would be paid to the chair of the board and SEK 260,000 to each of the other directors. In addition, a fee of SEK 125,000 was to be payable to the chair of the audit committee and SEK 60,000 to the chair of the remuneration committee and SEK 60,000 each to a maximum of two members of the audit committee and SEK 40,000 to one member of the remuneration committee. The cybersecurity committee chair receives remuneration of SEK 60,000, the other two members SEK 40,000 each. Remuneration of the board is described in more detail in Note 8.

#### Auditor

INVISIO's auditor audits the annual report, consolidated accounts and bookkeeping, as well as the administration of the board and CEO. The auditor works according to an audit plan and reports any findings to the audit committee at audit meetings and board meetings. At the AGM, the auditor presents the auditor's report, which describes the audit work and the auditor's conclusions. Apart from this, the auditor also normally participates in three audit committee meetings and one board meeting during the autumn and one in the spring. On behalf of the board the auditor also reviewed the interim report for January-September 2023.

The company's audit firm, PricewaterhouseCoopers AB, was re-elected at the 2023 AGM for the period until 2024. The auditor in charge is authorized public accountant Mats Åkerlund.

#### Remuneration of the auditor

The 2023 AGM resolved that the fee to the auditor would be payable in accordance with an approved invoice. Remuneration of the auditors is described in more detail in Note 6.

#### President/CEO and management

The President/CEO is responsible for the day-to-day administration of INVISIO in accordance with the

board's guidelines and instructions. The current instruction to the CEO was adopted by the board on May 4, 2023. The CEO prepares information and decision-making documentation for the board meetings.

The CEO is assisted by a group management team consisting of the heads of the company's functions: Finance & Administration, Marketing & Sales, Research & Development, Product Management, and Operations. All members of the management team are based at INVISIO's headquarters in Copenhagen, apart from the SVP of sales North America, who works in the US. Management holds weekly meetings at which operational issues are discussed. A more detailed presentation of the CEO and the management team is given on pages 52-53.

#### Remuneration to the CEO and other senior executives

The 2020 AGM resolved in accordance with the board's proposal to adopt the following guidelines for remuneration to the CEO and other senior executives, valid until further notice, though not beyond the 2024 AGM.

INVISIO'S ability to recruit and retain talented employees hinges on successful implementation of the company's business strategy and the safeguarding of the company's long-term interest and sustainability.

The group therefore endeavors to offer total remuneration that enables it to attract and retain senior executives.

Remuneration of senior executives, both in the short and long term, must be based on the individual's performance and responsibility, as well as the profitability of INVISIO and its subsidiaries. The interests and rewards of senior executives must also be linked to those of shareholders.

Variable cash remuneration covered by these guidelines must aim to promote the company's business strategy and long-term interests, including its sustainability. Remuneration of senior executives may consist of:

- Fixed salary
- Short-term variable cash remuneration
- Participation in long-term share or share-price related incentive programs
- Pension and other benefits

Senior executives' fixed salaries are revised annually and must be competitive and based on the individual's skills, responsibilities and performance.

Variable cash remuneration is to be based on how well the targets set for the respective areas of responsibility and for INVISIO and its subsidiaries have been met. The outcome is to be linked to measurable targets (qualitative, quantitative, general and individual). The target components, weighting and levels may vary from year to year to reflect business priorities. They generally balance the group's financial targets and non-financial targets (for example, operational, strategic, environmental, social or other sustainability-related targets). The measurement period for variable remuneration is based as a principal rule on performance over a period of about 12 months.

The targets within the senior executives' respective areas of responsibility aim to promote INVISIO's development over the short and long term. When the measurement period for meeting the criteria for payment of variable cash remuneration has been completed, a decision is to be made on the extent to which the criteria have been fulfilled.

The remuneration committee is responsible for the assessment of variable cash remuneration to senior executives. The board of directors has the right to disregard the fulfillment of the criteria and adjust payment of variable remuneration both upwards and downwards on the basis of actual progress during the year. Additional variable cash remuneration may be payable in extraordinary circumstances, provided that such arrangements are made solely at individual level as remuneration for extraordinary work input over and above the individual's ordinary duties. Total variable remuneration may not exceed 60 percent of fixed salary or be used as a basis for calculating pension or vacation pay, to the extent permitted by applicable law.

Remuneration of the CEO and other senior executives is described in more detail in Notes 7 and 8, in the administration report and the remuneration report.

#### Long-term incentive program

The 2022 and 2023 AGMs resolved, in accordance with a proposal by the board of directors, to establish employee stock option programs 2022/2025 and 2023/2026. During the year the 2020/2023 employee stock option program was closed. A total of 541,500 allocated options were exercised. The programs are described further in Note 7.

#### Severance

According to his employment contract, the CEO has a 12-month severance period in the event of termination by the company. The severance period in the event of termination by the CEO is eight months.

According to their respective employment contracts, other senior executives have a six-month severance period in the event of termination by the company. In the event that a senior executive issues termination, the severance period is three months.

#### Internal control and risk management referring to financial reporting

Internal control and risk management in respect of financial reporting is a central component of INVISIO's corporate governance. The objective is to provide reasonable assurance concerning the reliability of interim reports, year-end reports and annual reports and to ensure that these reports are prepared in accordance with applicable laws, accounting standards and other rules.

INVISIO bases risk management and internal control on the Internal Control – Integrated Framework issued in 2013 by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO). According to COSO, internal control is a process with the following components: control environment; risk assessment; control activities; information; and communication and monitoring.

#### Control environment

The control environment forms the basis of internal control and risk assessment within INVISIO and consists of the values and culture communicated and acted on by the board and management, as well as the company's organizational structure, leadership, authority, decision-making channels, and its employees' expertise. This includes several internal policy documents, which have been adopted by the board. An overview of the company's organization, governance and control, including external and internal policy instruments, can be found on page 46.

The board of directors has overall responsibility for internal control and reporting and is tasked with monitoring INVISIO's financial reporting and the effectiveness of this process. See the previous page under "Audit committee" for more information.

#### Risk assessment

The board delegates operational responsibility for risk assessment and internal control to management. INVISIO's management group conducts annual systematic risk assessments. This involves assessing the risks that are removed or added, as well as selecting prioritized processes. Process descriptions are prepared as decision-making data for the board. They include information on the purpose, risks, controls and effectiveness of the process. The company's risk management is described further in the administration report and in Note 2.

#### Control activities

In accordance with the internal control policy, the CFO is responsible for coordination, management and follow-up of internal control, including financial reporting. The CFO, together with the accounting department and others, ensures that process descriptions and internal frameworks are prepared and is responsible for reporting on the progress of internal control and risk management to the board and the audit committee.

To ensure good internal control in financial reporting, the company has established control activities for each main process, aimed at preventing, discovering and correcting errors and non-compliance. Among the areas of control are approval of business transactions, reliability of business systems, compliance with laws and other requirements for listed companies, segregation of duties, application of accounting standards, and other areas that include material elements of assessment.

#### Information and communication

The board of directors has an information policy for external communications to ensure that the market receives relevant, reliable, correct and current information on the company's development and financial position. The board also has an insider policy to safeguard the integrity of disclosures.

The company's internal policy instruments in the form of policies, guidelines and manuals for internal and external communication are regularly updated and communicated internally via relevant channels, such as intranet, internal meetings, email and the company's document management system.

#### Monitoring

The CFO has the operational responsibility for monitoring risk management and internal control with respect to financial reporting. This includes monitoring monthly financial reports against targets and plans, monitoring the CEO's business reports to the board and monitoring reports from the company's auditor. In addition, the main processes and associated control activities are regularly evaluated to ensure adequacy and effectiveness. The results are reported to the board and the audit committee.

INVISIO does not have a dedicated internal audit function. The board of directors has evaluated the need for this function and concluded that it is not warranted by the size of the organization and the scope of its activities.

#### Events and activities in 2023

During the year the board worked actively on the overall strategy for innovation and product development, which is of utmost importance to strengthen the company's future prospects and ensure continued profitable growth.

As part of this work the board visited the Harrow office to study closely the development of the Racal Acoustics brand and how the operations have been successfully integrated into the group.

The board and the audit committee also conducted an active dialogue with management on environment and social governance. Supported by external expertise, the board and audit committee ran an extensive project to develop sustainability targets and create readiness for future reporting under the new Corporate Sustainability Reporting Directive (CSRD).

In parallel with these initiatives, the cybersecurity committee was involved in safeguarding digital infrastructure and protecting important information. Its work was crucial in creating a strong line of defense against cyber threats, strengthening the security culture and maintaining high preparedness for action in the event of any such future incident.

## Board of directors



### **Annika Andersson**

Chair of the Board since 2019

Member since 2014  
Born: 1958

Annika Andersson is a professional board director. She has longstanding experience of the financial industry, including from the Fourth Swedish National Pension Fund where she worked as portfolio manager and held responsibility for shareholder issues, information and sustainability.

#### **Other engagements**

Chair of the board of Sequitor Engineering AB and director of the First Swedish National Pension Fund.

#### **Education**

MSc Business Administration and Economics, Stockholm School of Economics.

#### **Holding<sup>1)</sup>**

24,500 shares.

#### **Independence**

Independent in relation to the company, its management and major shareholders.

Member of the audit committee and cybersecurity committee and chair of the remuneration committee.

<sup>1)</sup> Source: Modular Finance, INVISIO, December 31 2023



### **Ulrika Hagdahl**

Director since 2018  
Born 1962

Ulrika Hagdahl previously built up and successfully ran Orc Software, where she held the position of CEO among other roles from 1990 to 2000.

#### **Other engagements**

Member of the board of Resolution Games AB, AB Idre Golf Ski & Spa and WallToWall AB.

#### **Education**

MSc (Engineering), Royal Institute of Technology, Stockholm.

#### **Holding<sup>1)</sup>**

3,400 shares.

#### **Independence**

Independent in relation to the company, its management and major shareholders.

Chair of the audit committee and member of the cybersecurity committee.



### **Nicklas Hansen**

Director since 2023  
Born 1986

Nicklas Hansen works as Investment Director at William Demant Invest A/S.

#### **Other engagements**

Director of Jeudan A/S and board observer at Vision RT Ltd. Dependent.

#### **Education**

MSc Finance and Accounting, Copenhagen Business School.

#### **Holding<sup>1)</sup>**

0 shares

#### **Independence**

Independent in relation to the company and its management. William Demant Invest A/S and William Demant fonden owned 16.7 percent of the shares in INVISIO at the close of 2022. Nicklas Hansen is Investment Director at William Demant Invest A/S and is thus not independent in relation to one of the company's major shareholders.

Member of the audit committee.





### **Martin Krupicka**

Director since 2018  
Born 1962

Since 2009 Martin Krupicka has been CEO of Brokk Group, which is part of Lifco AB. He has previously worked on company strategy and mobile services at Microsoft in the US and as management consultant at Connecta and Accenture.

#### **Other engagements**

CEO of Brokk Group. Director of Ahlberg Cameras AB, Aquajet Systems AB and Darda GmbH.

#### **Education**

MSc (Engineering) Linköping Institute of Technology, MBA Harvard Business School.

#### **Holding<sup>1)</sup>**

500 shares.

#### **Independence**

Independent in relation to the company, its management and major shareholders.

<sup>1)</sup> Source: Modular Finance, INVISIO, December 31 2023



### **Hannu Saastamoinen**

Director since 2022  
Born 1960

Hannu Saastamoinen is a professional board director and works as a senior advisor at Investment AB Latour in Finland. From 2013 to 2020 he was CEO of Swegon Group. Before that, he held leading positions at Munters, Huurre Group, TAC Svenska, United Technologies Carrier Corp and Electrolux, among others.

#### **Other engagements**

Chair of board of Rototec Group AB and MTC Flextex Oy. Director of Nordic Waterproofing Holding AB, Oy VEHO AB, M&G Group BV and Bemsiq AB.

#### **Education**

Master's degree from Helsinki School of Economics.

#### **Holding<sup>1)</sup>**

1,500 shares.

#### **Independence**

Independent in relation to the company, its management and major shareholders.

Member of the remuneration committee



### **Charlott Samuelsson**

Director since 2019  
Born 1963

Charlott Samuelsson is senior vice president and head of the Pattern Generators business area at Mycronic AB, a company where she has held various leading positions since 2000.

#### **Other engagements:** —

**Education:** MSc (Engineering) Chalmers University of Technology.

**Holding<sup>1)</sup>** 4,000 shares.

**Independence:** Independent in relation to the company, its management and major shareholders.

Chair of the cybersecurity committee.

#### **Auditor**

PricewaterhouseCoopers AB

#### **Mats Åkerlund**

Authorized public accountant  
INVISIO's auditor since 2017

## Management



### Lars Højgård Hansen

*President and Chief Executive Officer since 2007*

Hired 2006

Born 1963

Lars Højgård Hansen has longstanding experience of international sales and marketing, mainly in technology companies and has previously held several leading marketing positions at Sony Ericsson Group and GN.

**Education:** Graduate Diploma (HD) Copenhagen Business School, Executive MBA Lund University School of Economics and Management.

**Holding<sup>1)</sup>:** 431,511 shares and 48,000 options.



### Thomas Larsson

*CFO*

Hired 2012

Born 1964

Thomas Larsson has extensive experience of various financial and accounting roles both in listed and private companies at different development phases, including Pharmacia and Doro Nordic. His most recent role was CFO of Systemtextgruppen.

**Education:** MSc (Business Administration) Växjö University.

**Holding<sup>1)</sup>:** 265,038 shares and 24,000 options.



### Carsten Aagesen

*SVP Global Sales & Marketing*

Hired 2007

Born 1968

Carsten Aagesen has wide-ranging experience of international sales and marketing from leading positions at GN and Apple, among others. His previous roles include marketing director at GN's mobile division and marketing manager at Apple Nordic & Benelux.

**Education:** Cand.merc. (MSc in Economics and Business Administration) Marketing and Strategic Management, Copenhagen Business School.

**Holding<sup>1)</sup>:** 37,58 shares and 24,000 options.

1) Source: Modular Finance, INVISIO, December 31, 2023



### Joakim Birgersson

*SVP Operations*

Hired 2018  
Born 1964

Joakim Birgersson has many years' experience of the safety and hearing protection industry and has held leading positions in small and large manufacturing companies, such as Sordin and Peltor. His most recent position was corporate vice president and general manager Europe at MSA Safety.

**Education:** Mechanical engineer. University studies. Diploma in Marketing.

**Holding<sup>1)</sup>:** 42,000 shares and 24,000 options.



### Ray Clarke

*SVP Sales North America*

Hired 2017  
Born 1961

Ray Clarke has many years of experience in the defense and security sector, where he has held various leading positions. He has led global sales, marketing and business development teams in technology-intensive companies such as Draeger, Mine Safety Appliances and Revision Military.

**Education:** BSc, West Virginia University.

**Holding<sup>1)</sup>:** 11,114 shares and 24,000 options.



### Jan Larsen

*SVP R&D*

Hired 2007  
Born 1962

Jan Larsen has broad experience of product development for various types of hearing and acoustics applications and has held a number of leading positions in R&D at GN, Oticon A/S, Bernafon AG, UnoMedical A/S and Ortofon A/S.

**Education:** Electrical engineer with Diploma degree, Technical University of Denmark, Copenhagen and Graduate Diploma (HD-O) Copenhagen Business School.

**Holding<sup>1)</sup>:** 69,255 shares and 24,000 options.

<sup>1)</sup> Source: Modular Finance, INVISIO, December 31, 2023



## Statement by the auditor on the corporate governance statement

To the general meeting of the shareholders of INVISIO AB (publ),  
corporate identity number 556651-0987

### Engagement and responsibility

It is the board of directors that is responsible for the corporate governance statement for the year 2023 on pages on pages 46–53 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16, Auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with international standards on auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6, second paragraph points 2–6, the Annual Accounts Act, and chapter 7 section 31, second paragraph, are consistent with the annual accounts and the consolidated accounts and in accordance with the Annual Accounts Act.

Malmö, April 5, 2024  
PricewaterhouseCoopers AB

Mats Åkerlund  
*Authorized Public Accountant*

## Auditor's statement on the statutory sustainability report

To the annual general meeting of the shareholders of INVISIO AB (publ),  
corporate identity number 556651-0987

### Engagement and responsibility

It is the board of directors that is responsible for the statutory sustainability report for the year 2023 on pages 30–43 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12, Auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with international standards on auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Malmö, April 5, 2024  
PricewaterhouseCoopers AB

Mats Åkerlund  
*Authorized Public Accountant*

# Remuneration report

## Introduction

This remuneration report gives an account of how the guidelines for remuneration of senior executives adopted by the 2020 AGM were implemented in 2023. The report also gives an account of details of remuneration to the CEO and contains a summary of INVISIO's outstanding incentive programs. The report was prepared in accordance with the Swedish Companies Act (2005:551) and the Swedish Code of Corporate Governance.

Further information on remuneration of senior executives required under chapter 5, sections 40-44 of the Annual Accounts Act (1995:1554) can be found in Note 8. For more information about the work of the remuneration committee in 2023, refer to the corporate governance report.

Remuneration of the board of directors is not covered by this report. That remuneration is decided annually by the AGM and reported in Note 8.

## Total remuneration to the CEO

2023, SEK million	Fixed salary	Other benefits <sup>1)</sup>	Variable remuneration	Multi-year variable remuneration <sup>2)</sup>	Pension	Total remuneration	Percentage fixed/variable remuneration (%)
Lars H. Hansen, President and CEO	3.2	0.0	2.7	4.3	0.2	10.5	33/67
<b>Total</b>	<b>3.2</b>	<b>0.0</b>	<b>2.7</b>	<b>4.3</b>	<b>0.2</b>	<b>10.5</b>	

1) Refers to health insurance and mobile telephony.

2) Multi-year variable remuneration consists of option programs. During the year 35,000 options were exercised, see the table Employee stock option program for the CEO on the next page for details.

## Development of the company

The development of the company and significant events for the year are described in the CEO's presentation on pages 5-6.

## INVISIO's remuneration principles and application of guidelines in 2023

The company's ability to recruit and retain qualified personnel hinges on successful implementation of INVISIO's business strategy and the safeguarding of the company's long-term interests and sustainability. For this purpose INVISIO needs to offer competitive total remuneration. The company's guidelines for remuneration make it possible to offer senior executives such remuneration. Under the guidelines, remuneration to the CEO and other senior executives must be competitive and based on the individual's expertise, responsibilities and performance and may consist of the following components: fixed salary; short-term variable cash remuneration; the opportunity to participate in long-term share-price related incentive

programs; and pension and other benefits. The variable cash remuneration is to be based on how well the targets set for the respective senior executive's areas of responsibility and for INVISIO and its subsidiaries are met. The outcome is to be linked to measurable targets (qualitative, quantitative, general and individual). The target components, weighting and levels may vary from year to year to reflect business priorities and they generally balance the group's financial targets and non-financial targets (for example operational, strategic, environmental, social or other sustainability-related targets).

The guidelines can be found on pages 60-61. The remuneration guidelines, adopted unilaterally by the 2020 AGM, have been fully complied with. No deviations from the guidelines have been approved, no remuneration has been repaid, and no exceptions to the guidelines' procedures have been applied. The auditor's statement on compliance with the guidelines is available on INVISIO's website.

## Option program

The 2020, 2022 and 2023 AGMs resolved, in accordance with a proposal by the board of directors, to establish an employee stock option program 2020/2023, an employee stock option program 2022/2025 and an employee stock option program 2023/2026. The programs were issued without charge and the right to subscribe for shares in INVISIO under the provisions of the employee options (through stock options) is exercised at a price corresponding to the average INVISIO share price in a given measurement period. All employees of the company and its subsidiaries are included in the programs.

The purpose of the employee stock option programs is to link remuneration of employees, including the CEO, to INVISIO's long-term performance and value creation for shareholders and in that way connect the long-term incentives of the employees and CEO to shareholder interests.

For all employee stock options to entitle the holder to acquire INVISIO shares it is a requirement that the holder be employed throughout the vesting period and that the share price for INVISIO exceeds SIXPRX by 20 percentage points. If the INVISIO share price exceeds SIXPRX by 10 percentage points, half of the employee stock options will confer entitlement to acquire shares in INVISIO. If the INVISIO share price exceeds SIXPRX by more than 10 but less than 20 percentage points, the stock options will entitle the holder to acquire shares

in INVISIO on a linear basis between 50 and 100 percent. If the INVISIO share price does not exceed SIXPRX by 10 percentage points, all stock options will lapse. For more information on the option programs refer to Note 7.

During the year the 2020/2023 employee stock option program was closed. A total of 541,500 allocated options, of which 35,000 referred to the CEO were exercised. The weighted exercise price was SEK 108.20 per share and the weighted average share price during the exercise period was SEK 232.00.

#### Performance criteria

The CEO's annual variable cash remuneration is based on how well targets have been met. The targets aim to promote INVISIO's development in both the short and long term. The measurement period for variable remuneration is based as a principal rule on performance over a period of 12 months. Annual variable remuneration may not exceed 60 percent of the fixed salary or be used as a basis for calculation of pension or vacation pay, to the extent permitted by applicable law. The performance criteria in 2023 were order intake and operating margin and applied to all INVISIO employees.

In 2023 both performance criteria were exceeded and the maximum variable remuneration was allocated.

For details of performance criteria and outcomes please refer to the table on the right.

#### Employee stock option program for the CEO

Employee stock option program	Exercise price (SEK)	Share price on allocation date	Allocation date	Vesting period	Exercise date	Opening balance options (number)	Allocated options for the year (number/value <sup>1)</sup> )	Exercised options for the year (number/value <sup>2)</sup> )	Closing balance options (number)
2020/2023	108.00	108.00	May 7, 2020	May 7, 2020 – May 9, 2023	May 15, 2023 – June 30 2023	35,000	-	35,000 / SEK 4.3 million	-
2022/2025	184.10	154.40	May 6, 2022	May 6, 2022 – May 8, 2025	May 15, 2025 – June 30, 2025	24,000	-	-	24,000
2023/2026	219.40	228.00	May 9, 2023	May 9 2023 – May 8, 2026	May 15, 2026 – June 30, 2026	-	24,000 / SEK 0 million	-	24,000
<b>Total</b>						<b>59,000</b>	<b>24,000 / SEK 0 million</b>	<b>35,000 / SEK 4.3 million</b>	<b>48,000</b>

1) The value of allocated options is calculated through the difference between share price on the allocation date and the exercise price.

2) The value of exercised options is calculated through the difference between weighted average share price during the exercise period and the exercise price.

#### Variable remuneration to the CEO

	Criteria	Weighting	Threshold	Maximum level	Outcome	Allocated bonus
Lars H. Hansen, CEO	Order intake	60%	SEK 990 million	SEK 1,210 million	SEK 1,273 million	SEK 1,6 million
	Operating margin	40%	13.5%	17.5%	19.6%	SEK 1.1 million

#### Annual change in remuneration and company's profit and loss, five-year review

	2019 vs 2018	2020 vs 2019	2021 vs 2020 <sup>1)</sup>	2022 vs 2021 <sup>2)</sup>	2023 vs 2022	2023 (SEK million)
Group's operating profit	109%	-28%	-74%	162%	273%	242.9
Order intake	132%	-17%	19%	82%	12%	1,273.5
Remuneration of CEO	31%	-24%	134%	0%	28%	10.5
Average remuneration to employees in the group	22%	-6%	21%	3%	17%	1,6

1) In 2021 a total of 442,000 options was exercised, of which 35,000 related to the CEO. The value of exercised options is calculated through the difference between weighted average share price during the exercise period and the exercise price. Excluding the options, remuneration of the CEO and other employees increased by 6 percent and 9 percent respectively in relation to the previous year.

2) In 2022 a total of 508,200 options was exercised, of which 35,000 related to the CEO. The value of exercised options is calculated through the difference between weighted average share price during the exercise period and the exercise price. Excluding the options, remuneration of the CEO and other employees increased by 61 percent and 16 percent respectively in relation to the previous year.

3) In 2023 a total of 541,500 options was exercised, of which 35,000 related to the CEO. The value of exercised options is calculated through the difference between weighted average share price during the exercise period and the exercise price. Excluding the options, remuneration of the CEO and other employees increased by 16 percent and 11 percent respectively in relation to the previous year.



# Financial statements

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# Administration report

The board of directors and the President and CEO of INVISIO AB (publ.) ("INVISIO"), corporate identity number 556651-0987, hereby submit the annual report and consolidated accounts for the 2023 fiscal year. Unless otherwise indicated, all amounts are stated in millions of Swedish kronor (SEK). Figures in parentheses refer to the prior year.

## Operations

INVISIO develops and sells advanced communication systems that enable professionals in noisy and mission-critical environments to communicate, protect their hearing and work effectively. The company combines specialist knowledge in acoustics and hearing with broad engineering know-how in software, materials technology and system integration. Most sales are conducted via the headquarters in Copenhagen and sales offices in the US, France, the UK, Italy and Thailand, but also via a global partner network. Business is normally conducted through procurement processes.

## Revenue and profit

- Revenue for 2023 was SEK 1,238.5 million (775.5), an increase of 60 percent (31) from the previous year. Sales in international markets are mainly in USD, EUR and GBP. Adjusted for exchange rate effects, revenue increased by 51 percent (23).
- The order book totaled SEK 602.8 million (624.7) at the close of the year.
- Gross profit was SEK 747.3 million (449.7) and the gross margin was 60.3 percent (58.0).
- Operating expenses were SEK 504.5 million (384.5). The increase was due to forward-looking investments in line with the company's growth strategy and the consolidation of Racal Acoustics.
- Development costs of SEK 32.4 million (23.9) were activated during the year. Depreciation of capitalized development costs of SEK 24.5 million (21.0) was included in operating expenses.
- Operating profit was SEK 242.9 million (65.2) and the operating margin was 19.6 percent (8.4).
- Net financial income was SEK -1.0 million (-2.7).
- Profit before tax was SEK 241.9 million (62.5) and profit for the year was SEK 178.4 million (44.5).
- Earnings per share were SEK 3.91 (0.99).

## Inherently uneven order flow and revenue

INVISIO's market is characterized by large procurement processes that are often subject to long lead times due to factors including extensive customer testing, both in laboratories and among end users. As a result, order intake and revenue for individual quarters may vary, with a corresponding impact on the full-year figures. The acquisition of Racal Acoustics has, however, helped stabilize stable revenue somewhat because armored vehicle programs and framework agreements often extend over long periods of time, in some cases up to 20–25 years.

A continuing clear trend during the year was an increase in the number of medium-sized orders, which is a direct consequence of a broader product portfolio and a growing customer base. This contributed to greater stability in the income stream.

## Cash flow and investments

The group's cash flow for 2023 was SEK 101.3 million (-17.0), of which cash flow from operating activities was SEK 204.7 million (41.7).

Cash flow from investing activities totaled SEK -55.0 million (-33.5).

Capitalized development costs were SEK -32.4 million (-23.9) and net investment in property, plant and equipment was SEK -21.0 million (-9.6). Cash flow from financing activities was SEK -48.5 million (-25.1), of which SEK -65.0 million (-20.0) was amortization of loans. The dividend paid was SEK -31.5 million (-31.2).

At year-end, inventories were SEK 238.2 million (144.4). The increase in inventories was mainly due to future deliveries scheduled for 2024.

## Cash and cash equivalents and financial position

The group had cash and cash equivalents at year-end of SEK 224.9 million (127.1). INVISIO has a robust financial position. Group equity at year-end was SEK 720.4 million (510.0), corresponding to an equity/assets ratio of 68 percent (64).

## Significant events in 2023

The year was characterized by strong revenue that totaled more than SEK 1.2 billion, an increase of 60 percent from the prior year.

Higher revenue contributed to increased profitability, with an operating margin of almost 20 percent for the full year. This performance also reflected INVISIO's success in advancing its positions in a number of areas in the past three years. The company has virtually doubled its resourcing in R&D and sales, moving from a hardware focus to software-based solutions leveraging AI.

The group has also worked actively to broaden and deepen the product portfolio, adding the Intercom system and Racal Acoustics solutions for vehicle environments to the Personal system for users in the field. The company's focus also includes more customer groups in the form of law enforcement agencies and security providers.

All in all, these changes mean that INVISIO today is a considerably stronger company than it was just a few years ago. This solid position, combined with a scalable business model, creates positive scope for meeting the business opportunities offered by a more active market.

In addition, a considerably more uncertain geopolitical situation has put a strong focus on defense and security issues.

At year-end, the order book totaled close to SEK 603 million.

## Orders of strategic or material significance:

- In Q1 2023, INVISIO was awarded a contract with a European non-NATO country's army and received a first order. The order value of approximately SEK 40 million was for INVISIO's advanced and AI-driven system for communication and hearing protection. Large sections of the country's special forces are also existing INVISIO customers.
- In Q1 the company received its largest Intercom order to date. The customer was a European NATO country and the order value was SEK 40 million. This and previous orders lifted the combined value of orders from this customer above SEK 100 million.
- The Racal Acoustics brand received a breakthrough order in North America for the new RA4000 Magna™ headset. The order value was SEK 42 million.
- In Q2 INVISIO received its largest order ever, worth SEK 130 million, from the US Department of Defense.
- INVISIO also received an order worth SEK 90 million from a European NATO country.

Administration report, cont.

### The Racal Acoustics brand

Racal Acoustics reported strong growth during the year. The increasing activity level in the market for military vehicles has clearly accelerated demand for products adapted for extremely noisy environments.

The brand's market position was further strengthened, particularly in the US, by the decision of a major competitor to discontinue its competing product line.

### Strong interest in the Intercom system

Interest in the Intercom system continued to be substantial during the year. The orders received were clear confirmation that this solution meets the high requirements of NATO countries for a modern communication system.

INVISIO passed a milestone by receiving its largest Intercom order to date. The order, worth about SEK 40 million, came from a European NATO country. This and previous orders lifted the combined value of orders from this customer above SEK 100 million.

Evaluation projects are ongoing with several potential customers in Europe and the US and with several equipment manufacturers and suppliers of heavy vehicles, boats and helicopters.

### Continued focus on law enforcement and security

Penetration of the law enforcement and security market continued during the year. Interest is high and the previously completed reinforcement of our sales organization and increased number of distribution partners has yielded results.

INVISIO's position in the US and European markets was further strengthened by several orders from leading law enforcement organizations.

### Growth in new markets

It is INVISIO's strategy to address new geographical markets in Asia, the Middle East and South America. Before the covid pandemic the company achieved success in selected countries in Asia.

The sales outlook improved substantially in 2023 and the activity level is now back at the same level as before the pandemic.

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

### Employee recruitment

To maintain a high rate of innovation and to capitalize on market opportunities, INVISIO recruited 40 new employees to the R&D organization and the marketing and sales departments.

The number of group employees, restated as full-time positions, was 248 (208) at year-end. Of these, 206 were male (169) and 42 female (39). One employee 1 (1) was employed in the parent company.

The percentage of women in the organization is relatively low, as is the case for most technology companies. The long-term goal is to achieve a more even gender balance. The stated objective is for both sexes to be represented among the final candidates in all recruitment processes.

INVISIO's personnel policy has proved to be successful. In an employee survey conducted in early 2024 the company received a very high score. Eighty percent of employees participated in the survey, which is considered a high response rate and exceeds the prior year's participation.

The Employee Net Promoter Score (eNPS) survey results gave a score of 50 (60), which is very high. Scores between 0 and 20 are good, between 20 and 50 very good and anything over 50 is regarded as "excellent".

Staff turnover was 6 percent (12), confirming the positive eNPS score. Short-term sickness absence in relation to the total number of hours worked was also low at 1.6 percent (1.0). More information can be found on page 39.

### Organization

The group consists of the parent company INVISIO AB and the wholly-owned subsidiaries INVISIO A/S (Denmark), INVISIO Communications SAS (France), INVISIO Communications Inc. (USA), INVISIO Srl (Italy), Nextlink IPR AB, Nextlink Patent AB, Racal Acoustics Inc. (USA) and Racal Acoustics Ltd (UK). INVISIO AB is a non-operational limited liability company whose shares are admitted for trading on Nasdaq Stockholm, Sweden. The company's registered office is in Stockholm, Sweden.

The main operations are in the subsidiary INVISIO A/S in Copenhagen, Denmark, where the head office is also located. The function of the subsidiaries is mainly direct sales and market support to partners and resellers.

### Background

INVISIO's business operations began in 1999 under the Danish company Nextlink.to A/S. In 2003 Nextlink AB (publ) was formed, to which the shareholders in Nextlink.to A/S transferred all their shares in 2004. Nextlink.to A/S thereby became a wholly-owned subsidiary of Nextlink AB (publ). This company changed its business name in 2008 to Invisio Headsets AB (publ) and in 2010 to Invisio Communications AB (publ) and in 2020 to INVISIO AB (publ).

The parent company's shares were listed in 2004 on the then Nordic Growth Markets OTC list. In 2006 trading moved to First North and then, in 2009, to First North Premier. In 2015 the shares were listed on Nasdaq Small Cap. Since 2016 the shares have been traded on Nasdaq Mid Cap.

### Research and development

Product development and technical innovation are important parts of INVISIO's growth strategy. The company has invested an average of 14 percent of revenue in product development in the last five years.

Development is carried out internally and builds on extensive knowledge of acoustics, electronics, mechanics and software, as well as system integration. The Copenhagen region is considered to be one of the world's leading clusters in acoustics and hearing.

Development work is undertaken to a great extent in close collaboration with customers and users.

INVISIO constantly evaluates new inventions and technical solutions that may be suitable for patenting, and takes the potential commercial value into account in each and every case. This forms an integrated part of the product development process.

After the acquisition of Racal Acoustics the company has two development centers. Racal Acoustics focuses on solutions for environments with constantly high noise levels, while INVISIO's operations in Copenhagen focus on developing systems for users in the field and for internal communication.

### Manufacturing

The company's products are mainly manufactured by contract manufacturers in Europe. Prototypes and product adaptations in smaller volumes are produced to some extent by INVISIO in Copenhagen, Denmark, and at the facility in Harrow, UK. The company works continuously to find the most optimum conditions for effective manufacture.

The operations in Harrow carry out repairs and updates of headsets sold under the Racal Acoustics brand. About 1,000 headsets per year are refurbished to as good as new.

### Continued high focus on cybersecurity

Since 2022 the business has maintained an increased focus on cybersecurity. A number of exercises and training sessions have been held, and procedures and processes have been reviewed from a cybersecurity perspective. The board established a cybersecurity committee in 2022.



Administration report, cont.

### The share and shareholders

Information about the INVISIO share and shareholders can be found on page 44.

### Financial Instruments

INVISIO's use of financial instruments is presented in Notes 1 and 2.

### Environmental protection

The company does not conduct any operations that require permits or notification under the Swedish Environmental Code. The sustainability section of this annual report can be found on pages 30–43.

### Parent company

Revenue for the full year 2023 was SEK 0.1 million (0.1). Operating profit was SEK -12.5 million (-11.6). Net financial income totaled SEK 50.4 million (37.0), of which dividends from subsidiaries in the second quarter were SEK 52.5 million (40.0).

At the close of the period the parent company's cash and bank balances were SEK 39.6 million (5.0). Equity was SEK 356.6 million (281.9), corresponding to an equity/assets ratio of 98 percent (80). The parent company had 1 employee (1).

### Corporate governance report

The corporate governance report is prepared as a separate document from the formal annual report and can be found on pages 46–53.

### Sustainability report

In accordance with the Annual Accounts Act chapter 6, section 11, INVISIO prepares the sustainability report separately from the annual report. The sustainability report is on pages 30–43. Sustainability-related risks and risk management are presented on pages 62–64.

Sustainability initiatives in 2023 were supported by an external party.

As a step to strengthen sustainability, INVISIO measures employee workplace satisfaction. Surveys were carried out in January 2023 and January 2024.

### Risks and risk management

Technical advantage, close customer relations and long-term framework agreements are factors that help reduce the company's risk level.

### Structured process for risk management

Risk management is an important part of governance and control and affects INVISIO's ability to achieve its objectives. INVISIO carries out an annual structured analysis of the company's overall risk exposure. Risks can generally be divided into market-related, operating and financial.

Market-related risks and financial risks are managed mostly at board and management level. In the first instance, operating risks are managed at management and business area management level, but can also be managed at board level if they are of strategic importance. Pages 62–64 describe the most significant risks (without ranking) and how they are managed. Detailed information about INVISIO's financial risks can be found in Note 2.

### Guidelines for remuneration to senior executives

The last adopted guidelines for remuneration of senior executives are shown in Note 8 and the remuneration report on pages 55–56 and will remain in force until further notice, though no longer than until the 2024 AGM. The guidelines cover remuneration of senior executives of the INVISIO group and also of directors of the parent company to the extent that they receive remuneration outside their board assignments. The guidelines do not include remuneration approved by the general meeting of shareholders.

### The guidelines' promotion of the company's business strategy, long-term interests and sustainability

INVISIO's strategy for profitable growth is in brief to increase market share in existing markets, broaden the product portfolio through innovative development, expand into new geographies and conduct the business cost-effectively.

INVISIO's financial targets are that revenue should increase by an average of 20 percent per year and that the operating margin should exceed 15 percent over time.

Successful implementation of the business strategy and the safeguarding of the company's long-term interests, including its sustainability, assume the ability to recruit and retain qualified employees. INVISIO must therefore endeavor to offer total remuneration that enables the group to attract and retain senior executives. Remuneration to senior executives of INVISIO, both in the short and long term, must be based on the individual's performance and responsibilities, as well as the earnings of INVISIO and its subsidiaries, and it must link the interests and rewards of senior executives with those of shareholders. Variable cash remuneration covered by these guide-

lines must aim to promote the company's business strategy and long-term interests, including its sustainability.

### Forms of remuneration and similar benefits

Remuneration of senior executives may consist of fixed salary, short-term variable cash remuneration, the opportunity to participate in long-term stock or stock-price related incentive programs, as well as pension and other benefits.

### Fixed salary

Senior executives' fixed salaries are revised annually and must be competitive and based on the individual's skills, responsibilities and performance.

### Variable compensation

Senior executives' variable cash remuneration is to be based on how well the targets set for their respective areas of responsibility, and for INVISIO and its subsidiaries, have been met.

The outcome is to be linked to measurable targets (qualitative, quantitative, general and individual). The target components, weighting and target levels may vary from year to year, to reflect business priorities and they generally balance the group's financial targets and non-financial targets (for example operating, strategic, environmental, social or other sustainability-related targets).

The measurement period for variable remuneration is based as a principal rule on performance over a period of about 12 months. The targets within the senior executives' respective areas of responsibility aim to promote the development of INVISIO, both in the short and long term. When the measurement period for meeting the criteria for payment of variable cash remuneration has been completed, an assessment and a decision are to be made on the extent to which the criteria have been fulfilled. The remuneration committee is responsible for the assessment concerning variable cash remuneration to senior executives.

The board of directors has the right to disregard the fulfillment of the criteria and adjust payment of variable remuneration both upwards and downwards on the basis of actual progress during the year. Additional cash remuneration may be payable in extraordinary circumstances, provided that such arrangements are made solely at individual level as remuneration for extraordinary work input in addition to ordinary duties. The total variable remuneration may not exceed 60 percent of the fixed salary or be used as a basis for calculation of pension or vacation pay, to the extent permitted by applicable law.

Administration report, cont.

### Share or share price related incentive programs

The AGM may decide, independently of these guidelines, on stock and stock price-related incentive programs for senior executives, namely management.

The 2020, 2022 and 2023 AGMs resolved to introduce employee stock option programs. These were approved by the general meeting and are thus not subject to these guidelines. The purpose of the employee stock option programs is to link part of the employees' remuneration to INVISIO's long-term performance and in that way connect employee interests with shareholder interests.

During the year the 2020/2023 employee stock option program was closed. Out of the total of 700,000 options allocated, 541,500 were exercised. The programs are described further in Note 7.

### Pensions and other benefits

The pension terms of senior executives shall be based on defined contribution pension solutions and follow or correspond to, and thus be limited to, general pension plans in accordance with the ITP plan. As regards terms of employment that are subject to non-Swedish rules, in the case of pension and other benefits appropriate adaptations may be made to follow mandatory rules or established local practice, whereby the overall purpose of these guidelines is to be met as far as is possible. Senior executives' non-monetary benefits are to facilitate the work performance of senior executives and be proportionate to what may be regarded as reasonable in relation to market practice where the respective senior executive operates.

### Severance

The CEO has a 12-month severance period in the event of termination by the company, and eight months in the event of termination by the CEO. Other senior executives have a six-month severance period in the event of termination by the company, and three months in the event of termination by the senior executive.

### Salary and conditions of employment for employees

When preparing the board's proposals for these remuneration guidelines, the salary and conditions of employment of the company's employees were taken into account by including data on employees' total remuneration, the components of that remuneration, and the increase in remuneration and its rate of growth over time, in the information provided to the remuneration committee and the board for decision-making when evaluating the reasonableness of the guidelines and the constraints that follow from them.

### Evaluation of the guidelines and the auditor's statement regarding compliance

In accordance with the Swedish Code of Corporate Governance, the board monitors and evaluates the application of the guidelines for remuneration to senior executives, as adopted by the AGM. In accordance with the Swedish Companies Act chapter 8, section 54, the company's auditor has expressed an opinion on compliance with the guidelines for remuneration of senior executives that for 2023. The board's evaluation and the auditor's review concluded that in 2023 INVISIO complied with the guidelines set by the AGM.

### Significant post year-end events

After year-end, INVISIO received an order worth SEK 230 million from a European customer for the INVISIO Intercom system and associated personal system. Under a second order, worth SEK 235 million, INVISIO will serve as system integrator for all the communications systems ordered by the customer, a role that will include installation of in-vehicle radios and provision of user training.

Since this order involves the integration of third-party equipment, the profit margin will be significantly lower than that which typically applies to INVISIO products.

The majority of the deliveries are planned to commence during the second quarter of 2024 and are estimated to conclude by the fourth quarter of 2024. The order also includes a maintenance and spare parts package that will be delivered during 2025 and 2026

### Outlook for 2024

INVISIO currently has a substantially stronger market position and in all respects is a more mature company compared to a few years ago. The forward-looking investments of recent years have been successful. The direction of revenue and order intake are clear proof of this. INVISIO is thus well equipped to benefit from the opportunities offered by current market conditions.

The company's assessment is that increasing geopolitical uncertainty, combined with increased defense budgets and military appropriations, will contribute to increased demand for the company's products in the longer term.

INVISIO stands by its financial targets: that revenue increases by an average of 20 percent per year and that the operating margin exceeds 15 percent over time.

### Proposed appropriation of earnings

According to the board's dividend policy, dividend size must take into account INVISIO's long-term growth and earnings trend, as well as capital requirements and financial targets. It is INVISIO's objective that the dividend over time will be between 25 and 50 percent of profit after tax. It is proposed that remaining profit be carried forward.

The board of directors proposes to the 2024 AGM that a dividend of SEK 1.30 per share be distributed for the 2023 fiscal year (0.70).

In the latest five-year period, SEK 162 million has been distributed to shareholders, equivalent to a dividend payout ratio of 60 percent of INVISIO's total profit after tax of SEK 270 million. Including the year's proposed dividend, the dividend payout ratio is 49 percent.

Parent company (SEK)

#### At the disposal of the AGM:

Retained earnings	131,466,470
Share premium reserve	119,969,278
Profit/loss for the year	37,964,521

#### The board of directors and the CEO propose that the earnings above be appropriated as follows:

Dividend to shareholders, SEK 1.30 per share	59,267,252
To be carried forward	230,133,017

### Board of directors' statement concerning proposed appropriation of earnings

In the opinion of the board of directors the proposed dividend does not impede the company from fulfilling its obligations in the short and long term. When assessing the size of the proposed dividend the board considered the requirements which are imposed by the nature, scope and risks associated with the operations and the company's and group's need to strengthen the balance sheet and liquidity and financial position in general.

The proposed dividend will result in the parent company's and the group's equity/assets ratio being 98 percent and 67 percent respectively. Liquidity in the company continues to be good. The proposed dividend can therefore be justified under the provisions of the prudence concept specified in the Swedish Companies Act, chapter 17, section 3, paragraphs 2-3.

## Risks and risk management

Risks and risk-taking form a natural part of INVISIO's business. A good understanding of the risks and continuous monitoring of changes in the risk profile create the right conditions to enable relevant consideration of risks in decision-making. This increases the scope for the group to fulfill its strategic objectives. An important part of managing operations is therefore to ensure continuous analysis of risks as well as appropriate and effective management of the risks that may significantly negatively impact on INVISIO's achievement of objectives. INVISIO carries out a structured annual analysis of the group's overall risk exposure.

INVISIO groups risks into four categories: market risks; operating risks; sustainability and climate change risks; and financial risks. Market risks and financial risks are managed mostly at board and management level. In the first instance, operating risks are managed at management and business area management level, but can also be managed at board level if they are of strategic importance. On the following pages an account is given of the most significant risks (without ranking) and how they are managed. Detailed information about INVISIO's financial risks can be found in Note 2.

### MARKET RISK

#### Legislation and political decisions

INVISIO products are sold in a large number of markets. Changes to legislation and regulations in countries where the company operates or where the company's products are sold may adversely affect operations. Purchases from defense and law enforcement organizations are influenced by political decisions and are dependent on tax revenues and appropriations. Developments in these respects may indirectly impact INVISIO.

**Treatment:** The company carefully follows developments in the markets and countries where it operates. Collaboration with business partners contributes to a better understanding of developments in the respective markets. Operations in countries such as Italy, France, the UK and US and Thailand mean better opportunities to monitor and assess local events that are of importance to INVISIO's customers and hence to the company.

#### Demand fluctuations for INVISIO's products

INVISIO's order intake fluctuates between quarters, which may impact the full year as order inflow is subject to long-term decision-making processes. Sales are largely via public procurement processes, normally with long lead times. Even if INVISIO is awarded a procurement contract, the first order may take a long time before delivery, and order intake may vary over time. This entails a risk of uneven order intake and revenue variations in both the short and long term.

**Treatment:** The company strives to gain more customers and to broaden its product portfolio in order to diversify purchasing patterns and reduce the risk of uneven order and revenue inflow. An expanding customer base and the acquisition of Racal Acoustics have reduced order fluctuations to some extent. In addition, the number of medium-sized orders has increased in recent years – a direct consequence of the broader product portfolio and a growing customer base. As well as driving higher revenue, this also improves order intake stability.

#### Competition

Competition and innovation characterize the communications equipment market for defense, law enforcement and security entities. If INVISIO cannot adapt its business activities and its products to developments in the market, there is a risk of the company losing competitiveness, which would alter its expansion potential.

**Treatment:** INVISIO assesses that it has a technological advantage over its competitors. Since inception, the company has developed knowledge and experience in a number of technologies that are difficult for competitors to copy. A close relationship to customers and the existence of multi-year contracts give an important competitive advantage. The company monitors competitors closely.



*Risks and risk management, cont***OPERATIONAL RISKS****Ability to manage growth**

INVISIO is encountering growth in demand for its products that may place demands on management and the operational and financial infrastructure. Effective planning and management processes are highly important to guarantee manufacture, component supply and delivery. If the company is not successful in adapting its organization, its processes and its capacity to respond to higher demand, there may be negative effects on the company's revenue, profits and financial position.

**Treatment:** The company adapts its capacity to increased demand on an ongoing basis. This is done through investment, employment and increasing capacity at existing or new suppliers. The company has a strong financial position and well-developed systems aimed at maintaining good internal control at a high level of growth.

**Dependence on key personnel**

INVISIO has a distinctly high-tech profile and is therefore dependent on being able to recruit and retain employees with a high level of knowledge, creativity and industry experience.

**Treatment:** The growth strategy includes having highly motivated key personnel. To attract and retain key people, INVISIO develops working methods and management focused on a strong team spirit, a knowledge-based culture and a favorable work environment. Participation and shared core values for all employees are heavily emphasized. INVISIO also strives to offer attractive remuneration in the form of incentive and option programs that include all employees, over and above key personnel.

**Market acceptance of newly developed products**

INVISIO intends to constantly develop and launch new products on the market. There is always a risk that new products will not be received as expected by the market, or that competing solutions that are introduced may have more impact.

**Treatment:** The business areas Marketing, Product Management, R&D and Operations work together on planning new products and, in line with the business strategy, build on identified customer needs and requirements. The company follows market developments through close relationships with its customers and in addition gathers strategic intelligence aimed at early discovery of trends and events that may be relevant.

**Customer dependency**

A limited number of customers account for a large proportion of INVISIO's revenue. One customer accounted for 16 percent of revenue in 2023. In 2022, one customer accounted for 23 percent of total revenue. The loss of any large customer could in the short term have a significantly negative impact on INVISIO's business, financial position and performance.

**Treatment:** The company's growth strategy builds on increasing market share and expanding to new geographical markets and product areas.

**Niche product portfolio**

INVISIO operates in a global niche in the communication equipment market. Unfavorable development for this market segment would have negative consequences for INVISIO.

**Treatment:** The company seeks to continually broaden its product portfolio, primarily through in-house development. However, acquisition of complementary technologies in related areas may be considered.

**Dependency on suppliers**

INVISIO's products are mainly manufactured by contract manufacturers in Europe. The company is dependent on its suppliers' compliance with agreed requirements relating, for example, to quantity, quality and delivery. Incorrect delivery or non-delivery can lead to delayed delivery to customers and consequent loss of revenue.

**Treatment:** INVISIO has broadened its base of contract manufacturers as volumes have grown. As part of its quality management system, the company has procedures for selecting and evaluating potential and existing contract manufacturers with the objective of minimizing quality shortcomings and supply disruptions.

*Risks and risk management, cont***IT and cyber risks**

Increased digitalization implies greater exposure to interruption and disruption in IT systems, which can have major consequences. Moreover, breaches in the IT environment or deficiencies in management of customer data, employee data or business-critical information can lead to reduced confidence and negatively impact group's earnings.

**Treatment:** Working with management and external experts, INVISIO's cybersecurity committee has intensified efforts to safeguard the company's IT system against breaches and disruptions. This work will continue unabated in the future.

**RISKS RELATED TO SUSTAINABILITY AND CLIMATE CHANGE****Climate change and compliance**

INVISIO's overall environmental and social impact is deemed to be limited and not of a significant nature. For example, INVISIO's operations are not considered to have any significant climate impact. Nor is climate change assessed to have any great negative impact on INVISIO's operations, either financially or operationally.

The greatest sustainability-related risk is instead deemed to be lack of compliance with the INVISIO code of conduct, for example as regards ethics and anti-corruption, on the part of suppliers and partners. The production of INVISIO's products is largely by external contract manufacturers. Correspondingly, revenue in some geographical markets is through collaboration with external parties.

These arrangements constitute a potential risk, as they entail a lower degree of continual transparency in critical processes compared to in-house production. Violations or alleged violations may give rise to serious negative consequences for the business operations, including reputational damage to the company, fines or the imprisonment of employees.

**Treatment:** A central part of INVISIO's sustainability activities involves working in accordance with, and ensuring compliance with, relevant policy documents, standards and certifications. These include the codes of conduct for employees and suppliers, the anti-corruption policy, the quality policy and various quality management systems.

To minimize the risk of non-compliance with policies and regulatory codes, INVISIO has decided only to initiate partnerships with actors deemed to have the best prospects of being able to meet INVISIO's requirements and ambitions in this area. INVISIO's partnerships are long-term by nature and continue over many years. It is a conscious choice of the company not to change suppliers too often. This ensures INVISIO gains a close knowledge of and insight into partners' operations, which reduces the risk of non-compliance by suppliers with the code of conduct. Follow-up is quarterly with annual reviews. Responsibility for implementing controls lies with a working group with representatives from Supply Chain, Manufacturing and Quality Assurance. The results are reported to group management quarterly.

Together with external expertise, the company is also adapting reporting and necessary processes to meet the upcoming and comprehensive sustainability rules that will be introduced in a few years.

**Lack of transparency**

Expectations of companies by customers and the public have increased in recent years. This applies not least to the degree of transparency as to how operations impact, and are impacted by, sustainability-related aspects.

INVISIO is expected to conduct extensive sustainability work and be open about both positive and negative impact. Lack of transparency or lack of confidence in this area, for example due to poor quality or deficient working conditions at suppliers, may impact INVISIO's long-term development, financially as well as from an employer perspective. This might also limit the ability or desire of investors to invest in the INVISIO share.

**Treatment:** INVISIO's external communication is to be characterized by transparency, both as regards opportunities and challenges. INVISIO's communications policy, adopted by the board of directors, establishes fundamental values in the form of openness and transparency. The group's financial reports, primarily the annual report, describe activities in the four sustainability focus areas in more detail.

**FINANCIAL RISK****Currency risk**

Sales in international markets are mainly in USD, EUR and GBP. INVISIO's revenue and performance are impacted by changes in these currencies.

**Treatment:** The company hedges large orders to offset any currency fluctuations in the short term.

## Consolidated income statement and statement of comprehensive income

January-December (SEK million)	Note	2023	2022
	1, 2		
Revenue	3	1,238.5	775.5
Cost of goods sold	4	-491.2	-325.7
<b>Gross profit</b>		<b>747.3</b>	<b>449.7</b>
<b>Operating expenses</b>			
Selling and marketing costs	4, 6, 7, 8	-255.4	-193.4
Administrative expenses	4, 6, 7, 8	-107.6	-81.9
Research and development costs	4, 6, 7, 8	-141.6	-109.2
<b>Operating profit</b>		<b>242.9</b>	<b>65.2</b>
<b>Financial items</b>			
Financial income		8.8	4.1
Financial expenses		-9.8	-6.8
<b>Net financial items</b>		<b>-1.0</b>	<b>-2.7</b>
<b>Profit before tax</b>		<b>241.9</b>	<b>62.5</b>
Income tax	9	-63.5	-18.0
<b>Profit for the year</b>		<b>178.4</b>	<b>44.5</b>
(Attributable to parent company shareholders)			
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may subsequently be reclassified to profit or loss</i>			
Translation differences from foreign operations for the period		-4.7	38.7
<b>Total comprehensive income for the year</b>		<b>173.7</b>	<b>83.2</b>
(Attributable to parent company shareholders)			

January-December (SEK million)	Note	2023	2022
Earnings per share, SEK	22	3.91	0.99
Earnings per share after dilution, SEK	22	3.91	0.99
Gross margin, %		60.3	58.0
Operating margin, %		19.6	8.4
Profit margin, %		14.4	5.7
Depreciation incl. in operating expenses	11, 12, 13, 14	-65.3	-47.8

> The central key figures are explained on page 45.



## Consolidated statement of financial position

December 31 (SEK million)	Note	2023	2022	December 31 (SEK million)	Note	2023	2022
	1, 2				1, 2		
<b>ASSETS</b>				<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Non-current assets</b>				<b>Shareholders' equity</b>			
Goodwill	10	58.0	56.2	Share capital	19	45.6	45.0
Capitalized development costs	11	110.7	103.5	Other contributed capital		392.2	334.2
Other intangible assets	12	67.7	79.2	Translation difference		66.0	70.6
Property, plant and equipment	13	32.9	20.8	Retained earnings including profit for the year		216.6	60.1
Rights of use, leases	14	34.2	22.8	<b>Total shareholders' equity</b>		<b>720.4</b>	<b>510.0</b>
Deferred tax assets	9	2.6	3.6				
Long-term deposits for rent		4.3	2.7	<b>Non-current liabilities</b>			
<b>Total non-current assets</b>		<b>310.4</b>	<b>288.9</b>	Liabilities to credit institutions	20	-	45.0
				Lease liabilities	14	26.9	16.1
<b>Current assets</b>				Deferred tax liabilities	9	37.6	34.6
Inventories	15	238.2	144.4	<b>Total non-current liabilities</b>		<b>64.4</b>	<b>95.6</b>
Trade receivables	16	219.5	194.5				
Other receivables	17	17.1	6.7	<b>Current liabilities</b>			
Prepaid expenses and accrued income	18	42.8	38.3	Liabilities to credit institutions	20	-	20.0
Cash and cash equivalents		224.9	127.1	Trade payables <sup>1)</sup>		97.1	63.7
<b>Total current assets</b>		<b>742.5</b>	<b>511.0</b>	Lease liabilities	14	10.9	8.7
				Current tax liabilities	9	44.5	19.2
<b>TOTAL ASSETS</b>		<b>1,053.0</b>	<b>799.9</b>	Other liabilities		6.8	2.2
				Accrued expenses and deferred income	21	98.0	73.7
				Warranty provision		10.8	6.9
				<b>Total current liabilities</b>		<b>268.1</b>	<b>194.3</b>
				<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,053.0</b>	<b>799.9</b>

1) All trade payables mature within three months.

## Consolidated statement of changes in equity

December 31 (SEK million)	Note	Share capital	Other contributed capital	Translation differences	Retained earnings including profit/loss for the year	Total shareholders' equity <sup>1)</sup>
	1, 2, 19					
<b>OPENING BALANCE AT JANUARY 1, 2022</b>		<b>44.5</b>	<b>298.7</b>	<b>32.0</b>	<b>42.3</b>	<b>417.5</b>
Profit for the year		-	-	-	44.5	44.5
Translation differences from foreign operations for the period		-	-	38.7	-	38.7
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>38.7</b>	<b>44.5</b>	<b>83.2</b>
<b>Transactions with shareholders</b>						
New issue through exercising employee stock options	7	0.5	35.5	-	-	36.0
Employee stock option program	7	-	-	-	4.5	4.5
Dividend		-	-	-	-31.2	-31.2
<b>Total transactions with shareholders</b>		<b>0.5</b>	<b>35.5</b>	<b>-</b>	<b>-26.6</b>	<b>9.4</b>
<b>CLOSING BALANCE AT DECEMBER 31, 2022</b>		<b>45.0</b>	<b>334.2</b>	<b>70.6</b>	<b>60.1</b>	<b>510.0</b>
Profit for the year		-	-	-	178.4	178.4
Translation differences from foreign operations for the period		-	-	-4.7	-	-4.7
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-4.7</b>	<b>178.4</b>	<b>173.7</b>
<b>Transactions with shareholders</b>						
New issue through exercising employee stock options	7	0.5	58.1	-	-	58.6
Employee stock option program	7	-	-	-	9.6	9.6
Dividend		-	-	-	-31.5	-31.5
<b>Total transactions with shareholders</b>		<b>0.5</b>	<b>58.1</b>	<b>-</b>	<b>-21.9</b>	<b>36.7</b>
<b>CLOSING BALANCE AT DECEMBER 31, 2023</b>		<b>45.6</b>	<b>392.2</b>	<b>66.0</b>	<b>216.6</b>	<b>720.4</b>

1) Equity is entirely attributable to the parent company's shareholders.

## Consolidated cash flow statement

January-December (SEK million)	Note	2023	2022
	1, 2		
<b>Operating activities</b>			
Profit before tax		241.9	62.5
Adjustments for non-cash items	23	75.0	57.4
Income tax paid		-33.3	-19.0
<b>Cash flow from operating activities before changes in working capital</b>		<b>283.6</b>	<b>100.9</b>
Changes in inventories		-98.5	-13.9
Changes in trade receivables		-28.4	-65.1
Changes in other operating receivables		-20.4	-16.8
Changes in trade payables		34.2	26.7
Changes in other operating liabilities		34.3	9.9
<i>Cash flow from changes in working capital</i>		<i>-78.9</i>	<i>-59.2</i>
<b>Cash flow from operating activities</b>		<b>204.7</b>	<b>41.7</b>
<b>Investing activities</b>			
Capitalization of development costs	11	-32.4	-23.9
Purchases of property, plant, and equipment	13, 14	-21.0	-9.6
Acquisition of financial assets		-1.6	-0.1
<b>Cash flow from investing activities</b>		<b>-55.0</b>	<b>-33.5</b>

January-December (SEK million)	Note	2023	2022
<b>Financing activities</b>			
New issue through exercising employee stock options		58.6	36.0
Amortization of loans		-65.0	-20.0
Amortization of lease liabilities	14	-10.6	-9.9
Dividend paid		-31.5	-31.2
<b>Cash flow from financing activities</b>		<b>-48.5</b>	<b>-25.1</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>101.3</b>	<b>-17.0</b>
Cash and cash equivalents at start of year		127.1	134.8
Translation differences in cash and cash equivalents		-3.4	9.2
<b>Cash and cash equivalents at year-end</b>		<b>224.9</b>	<b>127.1</b>
<b>Supplementary disclosures to the cash flow statement</b>			
Interest received from operating activities during the year		2.6	0.0
Interest paid from operating activities during the year		-1.9	-3.0



## Parent company income statement

January-December (SEK million)	Note	2023	2022
	1, 2		
Revenue	5	0.1	0.1
Administrative expenses	4, 5, 6, 7, 8	-12.5	-11.7
<b>Operating profit</b>		<b>-12.5</b>	<b>-11.6</b>
<b>Financial items</b>			
Profit from interests in group companies		52.5	40.0
Financial income		0.8	0.0
Financial expenses		-2.9	-3.1
<b>Net financial items</b>		<b>50.4</b>	<b>37.0</b>
<b>Profit before tax</b>		<b>38.0</b>	<b>25.4</b>
Income tax	9	-	-
<b>Profit for the year<sup>1)</sup></b>		<b>38.0</b>	<b>25.4</b>

1) Comprehensive income corresponds to profit/loss for the year.

## Parent company balance sheet

December 31 (SEK million)	Note	2023	2022
	1, 2		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Interests in group companies	24	318.1	308.5
<b>Total non-current assets</b>		<b>318.1</b>	<b>308.5</b>
<b>Current assets</b>			
Receivables from group companies		3.5	38.3
Other receivables		0.3	0.3
Prepaid expenses and accrued income		1.3	0.1
Cash and bank balances		39.6	5.0
<b>Total current assets</b>		<b>44.8</b>	<b>43.7</b>
<b>TOTAL ASSETS</b>		<b>362.9</b>	<b>352.2</b>

December 31 (SEK million)	Note	2023	2022
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Restricted equity</b>			
Share capital	19	45.6	45.0
Statutory reserve		21.6	21.6
<b>Total restricted shareholders' equity</b>		<b>67.2</b>	<b>66.6</b>
<b>Non-restricted equity</b>			
Share premium reserve		120.0	61.9
Retained earnings		131.5	128.0
Profit for the year		38.0	25.4
<b>Total unrestricted shareholders' equity</b>		<b>289.4</b>	<b>215.3</b>
<b>Total shareholders' equity</b>		<b>356.6</b>	<b>281.9</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	20	-	45.0
<b>Total non-current liabilities</b>		<b>-</b>	<b>45.0</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	20	-	20.0
Trade payables <sup>1)</sup>		1.3	0.3
Liabilities to group companies		2.5	2.6
Other liabilities		0.3	0.3
Accrued expenses and deferred income	21	2.2	2.1
<b>Total current liabilities</b>		<b>6.3</b>	<b>25.3</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>362.9</b>	<b>352.2</b>

1) All trade payables mature within 3 months.

## Parent company changes in equity

December 31 (SEK million)	Note	Restricted equity		Non-restricted equity		Total shareholders' equity
		Share capital	Statutory reserve	Share premium reserve	Retained earnings including profit/loss for the year	
<b>OPENING BALANCE AT JANUARY 1, 2022</b>		<b>44.5</b>	<b>21.6</b>	<b>26.4</b>	<b>154.6</b>	<b>247.2</b>
Profit for the year <sup>1)</sup>		-	-	-	25.4	25.4
New issue through exercising employee stock options	7	0.5	-	35.5	-	36.0
Employee stock option program	7	-	-	-	4.5	4.5
Dividend		-	-	-	-31.2	-31.2
<b>CLOSING BALANCE AT DECEMBER 31, 2022</b>		<b>45.0</b>	<b>21.6</b>	<b>61.9</b>	<b>153.3</b>	<b>281.9</b>
Profit for the year <sup>1)</sup>		-	-	-	38.0	38.0
New issue through exercising employee stock options	7	0.5	-	58.1	-	58.6
Employee stock option program	7	-	-	-	9.6	9.6
Dividend		-	-	-	-31.5	-31.5
<b>CLOSING BALANCE AT DECEMBER 31, 2023</b>		<b>45.6</b>	<b>21.6</b>	<b>120.0</b>	<b>169.4</b>	<b>356.6</b>

1) Comprehensive income corresponds to profit/loss for the year.



## Parent company cash flow statement

January-December (SEK million)	Note	2023	2022
	1, 2		
<b>Operating activities</b>			
Profit before tax		38.0	25.3
Adjustments for non-cash items	23	-	-40.0
<b>Cash flow from operating activities before changes in working capital</b>		<b>38.0</b>	<b>-14.7</b>
Changes in operating receivables		-18.9	1.7
Changes in operating liabilities		1.0	-8.7
<i>Cash flow from changes in working capital</i>		<i>-17.9</i>	<i>-7.0</i>
<b>Cash flow from operating activities</b>		<b>20.1</b>	<b>-21.6</b>
<b>Financing activities</b>			
New issue through exercising employee stock options		58.6	36.0
Amortization of loans		-65.0	-20.0
Dividends from subsidiaries		52.5	-
Dividend paid		-31.5	-31.2
<b>Cash flow from financing activities</b>		<b>14.5</b>	<b>-15.2</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>34.6</b>	<b>-36.8</b>
Cash and cash equivalents at start of year		5.0	41.8
<b>Cash and cash equivalents at year-end</b>		<b>39.6</b>	<b>5.0</b>
Interest received during the year		0.8	0.0
Interest paid during the year		-1.4	-1.8

# Notes

## Note 1 General information, accounting policies and valuation principles

### General information

The INVISIO group (“INVISIO”) consists of the parent company INVISIO AB (publ) and the wholly-owned subsidiaries INVISIO A/S (Denmark), INVISIO Communications Inc. (USA), INVISIO Communications SAS (France), INVISIO Srl (Italy), Nextlink IPR AB, Nextlink Patent AB, Rascal Acoustics Inc. (USA) and Rascal Acoustics Ltd (UK). The parent company’s registered address is at 201 21 Malmö, Sweden.

### Basis of preparation

The consolidated accounts are prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) and interpretation statements from the International Financial Reporting Standards Interpretations Committee (IFRIC) as adopted by the EU.

The consolidated accounts are also prepared in accordance with Swedish law through application of the Swedish Financial Reporting Board recommendation RFR 1, Supplementary accounting rules for groups.

The parent company’s annual accounts are prepared in accordance with Swedish law, applying the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2, Accounting for legal entities.

### New and amended standards adopted by the group

None of the standards, amendments and interpretations which are effective for the fiscal year beginning on January 1, 2023, have had any significant impact on the group’s financial statements.

### New standards, amendments and interpretations of existing standards not applied in advance by the group

None of the new standards and amendments of interpretations and existing standards which are effective for fiscal years starting on or after January 1, 2024, have had any significant impact on the group’s financial statements.

### Consolidated accounts

The consolidated accounts include the parent company INVISIO AB (publ.) and its subsidiaries. Subsidiaries are companies over which the group has a controlling interest. The financial statements for INVISIO and its subsidiaries included in the consolidated accounts refer to the same period and are prepared in accordance with the accounting policies applicable to the group.

The consolidated accounts are prepared in accordance with the historical cost method, except financial assets and liabilities (including derivative instruments), which are measured at fair value or amortized cost. All inter-company business transactions, revenue, expenses, and gains or losses arising from transactions between companies covered by the consolidated accounts are fully eliminated. A subsidiary is included in the consolidated accounts by the acquisition method from the acquisition date, which is the date on which the parent company gains a controlling interest, and is included in the consolidated accounts until the date on which the controlling interest ceases.

The acquisition method is used when recognizing the group’s business combinations. The transferred consideration for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities and shares issued by the group. The purchase price also includes the fair value of all assets or liabilities that are a consequence of an agreement on contingent purchase price. Acquisition-related expenses are recognized as expenses when they arise. Identifiable acquired assets and transferred liabilities in a business combination are initially measured at fair value on the acquisition date. For every acquisition, the group decides whether all holdings without a controlling interest in the acquired company are recognized at fair value or at the proportional percentage of the net assets of the acquired company. The difference by which the transferred compensation, any holdings without controlling interest, and the fair value on the acquisition date of previously acquired shareholdings exceeds the fair value of the group’s share of identifiable

acquired net assets is reported as goodwill. In the case of a “bargain purchase” when the purchase price is less than the fair value of the acquired subsidiary’s assets, the difference is reported directly in other comprehensive income.

### Foreign subsidiaries

Items included in the financial statements of the group’s various entities are valued in the functional currency used in the economic environment in which the respective companies operate. The consolidated accounts are presented in the parent company’s functional currency, the Swedish krona (SEK)

The results and financial position of all group companies with a functional currency other than SEK are restated as follows: assets and liabilities for each of the balance sheets are restated at the closing day rate; and income and expenses for each of the income statements are restated at the average exchange rate. All foreign exchange differences arising are recognized in other comprehensive income. When translating subsidiaries the following exchange rates were used:

Currency	Income statement	Balance sheet
DKK	1.5403 (1.4290)	1.4888 (1.4965)
EUR	11.4765 (10.6317)	11.0960 (11.1283)
GBP	13.1979 (12.4669)	12.7680 (12.5811)
USD	10.6128 (10.1245)	10.0416 (10.4371)

### Estimates and assumptions

Estimates and assumptions are evaluated constantly based on historical experience and other factors, including expectations of future events regarded as reasonable in the circumstances.

The group makes estimates and assumptions about the future that do not always correspond to the actual outcome. The estimates and assumptions that involve a significant risk of material adjust-

**Note 1 (cont.) General information, accounting policies and valuation principles**

ment to the carrying amounts of assets and liabilities within the next fiscal year are outlined below.

**Impairment loss on intangible assets**

If there is an indication of impairment loss, the recoverable amount of the asset is calculated. For goodwill and other intangible assets with an indefinite useful life and intangible assets not yet available for use, the recoverable amount is calculated annually or as soon as there is an indication of impairment. If it is not possible to determine an asset's largely independent cash flows, and its fair value less selling expenses cannot be used, the asset will be grouped in a cash generating unit for impairment testing.

An impairment loss is recognized when the carrying amount of an asset or cash generating unit exceeds the recoverable amount. An impairment loss is recognized as an expense in the income statement. When an impairment loss is identified for a cash generating unit, the impairment loss is in the first instance allocated to goodwill. Remaining impairment loss is thereafter allocated to other assets of the unit on a pro rata basis.

The recoverable amount is the higher of fair value less selling costs and value in use. When calculating value in use, future cash flows are discounted using a discount factor that takes into account risk-free rates and the risk connected with the specific asset. For sensitivity analyses of goodwill and capitalized development costs, see Notes 10 & 11.

**Warranty provision**

A provision is made when the group has a legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources is required to settle the obligation and the amount can be reliably measured. Reported provisions refer to any future commitments for warranties for products sold. The amount is calculated on a continuous basis during the year, based on previous outcomes and current sales, plus a supplement for other known circumstances. At December 31, 2023, warranty provision was SEK 10.8 million (6.9). If sales had been 10 percent lower or higher than the actual outcome, all other variables being constant, the warranty provision at December 31, 2023, would have been SEK 1.1 million (0.7) lower or higher.

**Leases**

When the lease term is established, management takes into account all available information which gives a financial incentive to exercise an extension option, or not to exercise an option to terminate a

lease. The option to extend a lease is only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated). The leases that are mainly affected by this assessment relate to premises in Copenhagen and London where INVISIO can either extend the lease one month at a time (after the expiry of the original lease term in mid-2028 and at the end of 2024 respectively) or decide to terminate the lease prematurely (including a break-up fee). The assessment as at December 31, 2023, was that the group would not exercise the option to terminate the leases prematurely. Moreover, INVISIO does not consider it to be reasonably certain that it will exercise the extension option.

**Revenue**

The group applies IFRS 15, Revenue from contracts with customers.

The group develops and sells advanced communication systems with hearing protection. Revenue mainly consists of two flows: sales through purchase orders; and sales through programs. Sales through purchase orders involve the group's customers submitting separate purchase orders and approving the group's standardized sales agreements. Sales through programs usually involve a larger framework agreement with the customer, for example as part of a modernization program concerning personal equipment for military personnel.

Regarding sales through purchase orders, the group uses standardized terms of sale and delivery for all sales. Each order is a specific performance obligation, since the goods are regarded as distinct. The transaction price is set for each sales order and only includes fixed consideration; there is no variable consideration. The revenue is recognized when the performance obligation is satisfied, meaning at a given point in time. For sales through purchase orders, control mainly passes when INVISIO makes the goods available to the customer (ex works) or has delivered the goods to a determined place (DAP).

Sales through programs have several similarities with sales through purchase orders. The difference is that there is some form of underlying framework agreement or distribution agreement. When a framework agreement is signed, neither the seller nor the buyer is obliged to deliver or buy a certain quantity. Enforceable rights and obligations arise only when a purchase order is made. The transaction price is set for each sales order and only includes fixed consideration; there is no variable consideration. Revenue is recognized when the performance obligation is satisfied, meaning at a given point in time. For sales through programs, control passes at different times depending on what has been agreed with the specific cus-

tomers. Usually control passes when INVISIO makes the goods available to the customer (ex works) or has delivered the goods to a determined place (DAP). Sales through programs may include training in connection with the purchase. The revenue for training is recognized on performance of the service and is usually before the first delivery of goods.

No revenue stream includes any financing component as the credit period is short, often about 30 days.

The group's obligation to repair or replace defective products in accordance with normal guarantee rules is recognized as a provision.

**Segment reporting**

The business has only one segment. Operating segments are recognized in line with the internal reports submitted to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing the operating segment's performance. In the group this function has been identified as the management team.

**Remuneration to employees****Variable remuneration**

The group recognizes a liability and a cost for variable compensation based on the achievement of sales and performance targets.

**Pension obligations**

The group has only defined contribution pension plans, which are expensed on a current basis. The company has no obligations after the pension premium is paid.

**Share-based benefits**

The group has two ongoing share-based remuneration plans that are settled by shares. The fair value of the requisite service that entitles employees to options allocations is expensed. The total amount to be expensed during the vesting period is based on the fair value of the allocated options, excluding any impact of non-market related vesting conditions. Non-market related vesting conditions are taken into account when assuming how many options are expected to be redeemable. Every balance sheet date the company revises its estimates of how many options are expected to be redeemable. Any impact of the revision on the original estimates is recognized in corresponding adjustments made to equity. For more information on the employee stock option programs, see Note 7.



*Note 1 (cont.) General information, accounting policies and valuation principles***Current and deferred tax**

Tax expense for the period consist of current and deferred tax.

Current tax is calculated on the basis of the tax rules applicable or adopted on the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred tax is recognized using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is calculated on the basis of the tax rates and rules applicable or adopted at the balance sheet date and expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only in so far as it is probable that future taxable profit will be available, against which the temporary differences can be offset.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities and when deferred tax assets and tax liabilities relate to income tax levied by the same tax agency on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Financial Instruments**

The group applies IFRS 9, Financial instruments. The group's financial assets and liabilities consist of trade receivables, other receivables, deposits for rent, cash and cash equivalents, trade payables, liabilities to credit institutions and other liabilities.

**Initial recognition**

Financial assets and liabilities are recognized when the group becomes party to the instrument's contractual terms and conditions. Purchases and sales of financial assets and liabilities are recognized on the trade date, the date on which the group commits to purchase or sell the asset.

Financial instruments are initially recognized at fair value plus (for an asset or financial liability not recognized at fair value via the income statement) transaction costs directly attributable to acquisition or issue of a financial asset for liability, for example fees and commission.

**Financial assets – classification and measurement of debt instruments**

A business must classify a financial asset in three different ways depending on the company's business model for managing financial

assets and the qualities of the contractual cash flows from the asset. The three categories are: fair value through profit or loss; amortized cost; and fair value through other comprehensive income. The group only holds debt instruments that are classified and measured through amortized cost.

*Financial assets are measured at amortized cost*

The classification of investments in debt instruments depends on the group's business model for managing financial assets and the contractual terms for the assets' cash flows. The group reclassifies debt instruments only in cases where the group's business model for the instruments changes.

The group's financial assets held to collect contractual cash flows are recognized at amortized cost where these cash flows only consist of principal and interest. Interest income from these financial assets is recognized as financial income applying the effective interest method. Impairment losses are recognized on a separate line in the income statement.

The group's financial assets measured at amortized cost consist of trade receivables, other receivables, deposits for rent and cash and cash equivalents.

**Financial assets and liabilities – classification and measurement of derivative instruments**

Derivatives are recognized and measured in the balance sheet at fair value, both initially and on subsequent remeasurement at the close of each reporting period. All changes in fair value of derivative instruments are recognized directly in the income statement among financial items.

**Derecognition of financial assets**

Purchases and sales of financial assets are recognized on the trade date. Financial assets are derecognized when the rights to receive cash flows from the instrument have expired or have been transferred and the group has transferred substantially all risks and benefits of ownership.

Gains and losses arising on derecognition from the balance sheet are recognized directly in profit or loss in financial items.

**Financial liabilities – classification and measurement**

The group's financial liabilities are measured after initial recognition at amortized cost, applying the effective interest method, and financial liabilities are measured at fair value through profit or loss.

The group's financial liabilities measured at amortized cost consist of trade payables, other liabilities, accrued expenses and liabilities to credit institutions.

**Derecognition of financial liabilities**

Financial liabilities are removed from the balance sheet when the obligations have been discharged, annulled or otherwise extinguished. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the payment made, including transferred assets that are not cash or assumed debts, is recognized in other comprehensive income.

When the terms and conditions for a financial liability are renegotiated, and not derecognized from the balance sheet, a gain or loss is recognized in other comprehensive income. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

**Offset of financial instruments**

Financial assets and liabilities are offset and recognized net in the balance sheet only when there is a legally enforceable right to set off the recognized amounts and an intention to settle them net or simultaneously realize the asset and settle the liability. The legal right may not be contingent on a future event and must be legally enforceable on the company and the counterparty, both in the normal course of business or in the event of default, insolvency or bankruptcy.

**Impairment losses on financial assets***Assets carried at amortized cost*

The group estimates future expected credit losses linked to assets recognized at amortized cost. The group reports a credit reserve for these expected credit losses on each reporting date.

The group applies the simplified approach for expected credit losses, meaning that the reserve will correspond to the expected loss over the entire life of the trade receivable.

The credit reserve is based on the expected credit loss and consists of a general reserve and an individual assessment. For the general reserve, a percentage rate is calculated based on historical credit losses and forward-looking assumptions. For the individual assessment, the customer's current situation and other relevant circumstances, such as credit risk characteristics, days past due

**Note 1 (cont.) General information, accounting policies and valuation principles**

and historic position. Expected credit losses are recognized in the consolidated statement of comprehensive income in the item 'Other external costs'.

**Goodwill**

Goodwill is measured at acquisition cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and tested at least annually for impairment (see the accounting policy for impairment loss on intangible assets). Goodwill arising on acquisition of associated companies is included in the carrying amount of the holdings.

**Capitalized development costs**

The group conducts product-specific development activities. Expenses arising from development projects are recognized as intangible assets when it is probable that the project will be successful in terms of its commercial and technical potential and when the expenses can be reliably measured. Expenses directly associated with development of products intended for sale are recognized as intangible assets.

Development expenditure includes salary and other expenses for employees arising through product development, as well as directly attributable external expenses such as molds, testing and type approval. Other development expenditure is expensed as it arises. Development expenditure already expensed is not recognized as an asset in subsequent periods.

Capitalized development expenditure has a limited useful life and is amortized on a straight-line basis from the time commercial production of the product is started. Amortization is over the expected useful life of 3–7 years.

**Other intangible assets**

Other intangible assets consist of customer contracts, technology and trademarks arising from business acquisitions. Other intangible assets are recognized at fair value on the acquisition date and thereafter at acquisition cost less accumulated depreciation/amortization and impairment. Amortization is on a straight-line basis over the asset's estimated life and is 15 years for technology, seven years for customer relations and eight years for trademarks.

**Property, plant and equipment**

Property, plant and equipment is recognized at acquisition cost less planned depreciation based on an estimation of the useful life of the

asset. Any gains/losses on divestment are recognized through the income statement. The residual value and useful life of the asset is determined at every year-end closing and is adjusted as necessary. Property, plant and equipment has a limited useful life and is amortized on a straight-line basis over the asset's expected useful life of 3–10 years.

**Impairment losses on non-financial assets**

The carrying amounts of the group's assets, with the exception of financial assets at fair value with changes in value in the income statement, are tested whenever there is the need to assess whether there is an indication of impairment loss. If such an indication exists, the recoverable amount of the asset is calculated. An impairment loss is recognized when the carrying amount of an asset exceeds the recoverable amount. An impairment loss is charged to the income statement. See below for more details on calculation of the recoverable amount of an asset.

**Reversal of impairment losses**

Impairment losses are reversed if a subsequent increase in the recoverable amount can be objectively related to an event that has occurred after the impairment loss was recognized, and that a change has been made in the assumptions on which the calculation of the recoverable amount was based.

An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if no impairment loss had been recognized, taking into account the depreciation that would then have applied.

**Provisions**

A provision is recognized when an obligation exists as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**Inventories**

Inventories are measured at the lower of cost and net realizable value on the balance sheet date. Cost is determined using the first-in, first-out principle. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision for obsolescence is based on the articles' age and recoverable amount.

**Cash and cash equivalents**

Cash and cash equivalents include cash and immediately available bank balances.

**Receivables and liabilities in foreign currency**

Group companies' receivables, liabilities and provisions in foreign currency are translated at the closing rate of exchange. Foreign exchange effects are recorded in the income statement as financial income or expense.

**Cash flow statement**

The cash flow statement was prepared in accordance with the indirect method. This means that cash flow was adjusted for transactions that have not entailed any payments in or out during the period.

**Calculation of recoverable amount**

The recoverable amount for all assets, excluding assets in the categories loan receivables and trade receivables, which are recognized at amortized cost, is the higher of fair value less selling expenses and value in use. When calculating value in use, future cash flows are discounted using a discount factor that takes into account risk-free rates and the risk connected with the specific asset. For an asset that does not generate cash flows that are largely independent of other assets, a common recoverable amount is calculated for the cash-generating unit to which the asset belongs.

**Leases**

The group applies IFRS 16, Leases. Leases in which INVISIO is the lessee are mainly for rented premises and vehicles. Leases are normally signed for fixed periods of 2–10 years for rented premises and three years for vehicles. Extension and premature termination options may exist, as described below. Terms and conditions are negotiated separately for each contract and include a large number of different contract terms.

Lease contracts are recognized as rights of use with a corresponding liability on the date that the leased asset is available for use by INVISIO. The right of use and lease liability are recorded on separate lines on the balance sheet as "Right of use, leases" and "Lease liability". Each lease payment is allocated between amortization of the debt and interest expense. Interest expense is allocated over the lease term so that each accounting period is charged with an amount equivalent to a fixed interest rate on the debt recognized

**Note 1 (cont.) General information, accounting policies and valuation principles**

in the respective period. The right of use is depreciated on a straight-line basis over whichever is shorter of the useful life of the asset and the term of the lease.

Assets and liabilities arising from leases are initially recognized at present value. Lease liabilities include the present value of the following lease payments:

- fixed charges (including in-substance fixed payments);
- variable lease payments based on an index or rate, initially measured using the index or the rate on the starting date;
- the guaranteed residual value the lessee expects to have to pay to the lessor;
- the exercise price of a purchase option, if it is reasonably certain that the lessee will exercise the option; and
- penalty payments for terminating the lease, if the lease term provides for the lessee to exercise this option.

Lease payments are discounted using the implicit interest rate, if it can be determined, or else the incremental borrowing rate.

Assets with right of use are measured at acquisition cost and include the following:

- the amount of the original lease liability;
- lease payments made on or before the starting date, less any benefits received in connection with signing the lease agreement;
- initial direct costs; and
- costs of restoring the asset to the condition required by the terms and conditions of the lease.

INVISIO applies an exemption in IFRS 16 that expenses payments for short-term and low-value leases in the income statement. Short-term leases are leases with a term of 12 months or less. Low-value leases mainly include low-value IT equipment. The group recognizes each lease component separately from non-lease components.

Options to extend and terminate leases are included in a number of the group's lease agreements for rented premises. These conditions are used to maximize flexibility in the management of the agreements. The majority of the options to extend and terminate lease agreements can only be exercised by the group and not by the lessors. Assessments concerning exercise of options to extend or terminate lease agreements are reviewed if any significant event or change in circumstances arises that impacts these assessments and the change is within the lessee's control.

**Related party transactions**

Regarding salaries and other remuneration, costs, obligations, benefits and severance payment agreements in respect of the board and CEO, see Note 8. Inter-company transactions are presented in Note 5. Other disclosures on related party transactions are presented in Note 26.

**Parent company's accounting policies**

The parent company prepares its financial statements in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2, Accounting for legal entities. The same accounting policies are applied as for the group, as far as this is possible, subject to the Annual Accounts Act and the Safeguarding Pension Obligations Act, taking into account the connection between accounting and taxation. The differences between the group's and the parent company's accounting policies mainly concern the following two principles:

**Leases**

The parent company does not apply IFRS 16, Leases in accordance with the exception in the Swedish Financial Reporting Board's recommendation RFR 2. Lease payments are expensed on a straight-line basis over the lease term. Hence, no right of use or lease liability is recognized in the balance sheet.

**Subsidiaries and associated companies**

Investments in subsidiaries and associated companies are recognized in the parent company in accordance with the cost method. All dividends from subsidiaries and associated companies are recognized in the parent company's income statement. Under special circumstances, such dividends may indicate depreciation and that an impairment test should be performed.

**Note 2 Financial risk management and capital risk****Financial risk factors**

In its operations, the group is exposed to financial risks, such as interest rate risk, currency risk, credit risk, financing risk and liquidity risk. INVISIO's financial policy, which is approved annually by the board, sets out the guidelines for managing these financial risks within the group.

The financial policy includes investments and borrowings. The focus is to reduce unfavorable effects on the group's earnings, equity and cash flow caused by changes in interest and currency rates. INVISIO must also be able to meet its payment obligations, which is why credit, interest and liquidity risks must be minimized. The group may not create added value through financial risk taking. Taking into account the constraints of the financial policy, the aim is to achieve the highest return possible on invested funds.

**Interest rate risk**

Interest rate risk is the risk of the value of financial instruments varying due to changes in market interest rates. The group's and parent company's interest-bearing financial assets consist of bank balances.

The group's interest-bearing financial liabilities as at December 31, 2022, related to liabilities to credit institutions in the form of bank loans. Based on the financial interest-bearing liabilities as at December 31, 2022, a one percentage point change in market rates of interest would increase or decrease the group's earnings and equity by SEK 0.5 million. The group repaid its bank loan in 2023.

**Currency risk**

Currency risk is defined as the risk of a reduction in earnings and/or a reduction in cash flow due to changes in currency exchange rates. Changes in foreign exchange rates impact the group's earnings and equity in different ways:

- Earnings are impacted when sales and purchases are in different currencies (transaction exposure)
- Earnings are impacted when assets and liabilities are in different currencies (translation exposure)
- Equity is impacted when foreign subsidiaries' net assets are converted into SEK (translation exposure in the balance sheet).



**Note 2 (cont.) Financial risk management and capital risk****Transaction exposure**

INVISIO has considerable international exposure, with a large portion of revenue arising in EUR, GBP and USD. The group is thereby exposed to transaction risks when buying and selling and making financial transactions in foreign currency. Sales in these currencies in 2023 were USD 47.1 million (29.2), EUR 47.0 million (31.4) and GBP 11.3 million (9.5). Components are primarily purchased in SEK, DKK, USD and GBP. Purchases in these currencies in 2023 totaled SEK 248.7 million (106.8), DKK 64.6 million (58.0), USD 11.8 million (8.5) and GBP 8 million (4.5). Currency risks are managed in accordance with the financial policy set by the board, which requires large sales orders received and confirmed to be hedged. During the year INVISIO received no sales orders that required hedging.

If the average SEK exchange rate versus EUR had strengthened or weakened by 10 percent, all other variables remaining constant, revenue and earnings after tax for 2023 would have been SEK 54.0 million (33.4) and SEK 25.2 million (17.3) lower or higher. If the average SEK exchange rate versus USD had strengthened or weakened by 10 percent, all other variables remaining constant, revenue and earnings after tax for 2023 would have been SEK 50.0 million (29.5) and SEK 24.5 million (13.3) lower or higher. If the average SEK exchange rate versus GBP had strengthened or weakened by 10 percent, all other variables remaining constant, revenue and earnings after tax for 2023 would have been SEK 14.9 million (11.8) and SEK 7.5 million (6.4) lower or higher.

**Translation exposure**

The group has cash and cash equivalents, trade receivables and trade payables in foreign currencies, above all in USD, EUR and GBP. At December 31, 2023, the net exposure in USD against SEK was SEK 156.3 million (93.8), in EUR against SEK was SEK 100.5 million (127.3) and in GBP against SEK was SEK 9.6 million (32.2) for these items. If the USD exchange rate versus SEK had been 10 percent higher or lower compared with the rate on December 31, 2023, the group's earnings after tax would have been SEK 12.4 million (7.4) higher or lower. If the EUR exchange rate versus SEK had been 10 percent higher or lower compared with the rate on December 31, 2023, the group's earnings after tax would have been SEK 8.0 million (10.1) higher or lower. If the GBP exchange rate had been 10 percent higher or lower compared with the rate on December 31, 2023, the group's earnings after tax would have been SEK 0.8 million (2.6)

higher or lower. As part of hedging transaction exposure, related trade receivables are also hedged. In other respects INVISIO does not work actively with translation exposure.

**Translation exposure in the balance sheet**

The group's net assets are largely in DKK and GBP. If the DKK exchange rate had been 10 percent higher or lower compared with that on December 31, 2023, the group's equity would have been SEK 30.2 million (27.5) higher or lower. If the GBP exchange rate had been 10 percent higher or lower compared with that on December 31, 2023, the group's equity would have been SEK 13.3 million (7.1) higher or lower.

**Credit risk**

Credit risk is the risk that a party to a transaction with a financial instrument fails to fulfill its obligations. INVISIO's customers have a good debt-servicing ability, as they mainly consist of government agencies in charge of procurement for law enforcement, security and defense forces. In order to limit credit loss risk, the group's credit policy includes guidelines and provisions for credit checking new customers, payment terms and procedures and processes for managing unpaid receivables. For an age analysis of trade receivables, see Note 16.

The group works with several reputable banks that are subject to supervision by Finansinspektionen (the Swedish Financial Supervisory Authority) or the equivalent foreign authority and that have high creditworthiness. During the year INVISIO held deposits mainly with SEB, SBAB, Société Générale, BPM Banco, HSBC and JP Morgan Chase Bank.

**Financing and liquidity risk**

Financing risk is the risk that the refinancing of loans falling due is hindered or made more costly, resulting in the group having difficulty in meeting its payment commitments. Liquidity risk is the risk of not being able to make payments when they fall due. Treatment of liquidity risk is based on prudence, which entails retaining sufficient liquidity, access to financing and sufficient agreed lines of credit. At December 31, 2023, cash and cash equivalents totaled SEK 224.9 million (127.1). The company's total borrowing as at December 31, 2023, totaled SEK 0 million (65), of which SEK 0 million (20) will fall due for payment within 12 months. The interest rate was variable. The loan was repaid during the year.

All trade and other payables mature within three months, with the exception of lease liabilities. See Note 14 for a maturity analysis of lease liabilities.

**Management of capital**

The group's goal for its capital structure (shareholders' equity and liabilities) is to safeguard the group's ability to continue its operations, so that it can generate a return for its shareholders and benefit other stakeholders and to ensure optimal capital structure in relation to the cost of capital. Dividends to shareholders, share buy-backs, new share issues and asset sales are examples of measures that the group may use in order to adjust the capital structure.

**FINANCIAL INSTRUMENTS, DECEMBER 31**

Financial assets	2023	2022
Measured at amortized cost:		
– Trade receivables	219.5	194.5
– Deposits for rent	4.3	2.7
– Other receivables	17.1	6.7
– Cash and cash equivalents	224.9	127.1
<b>Total financial assets</b>	<b>465.8</b>	<b>330.9</b>
Financial liabilities	2023	2022
Measured at amortized cost:		
– Trade and other payables	178.3	120.7
– Liabilities to credit institutions	–	65.0
<b>Total financial liabilities</b>	<b>178.3</b>	<b>185.7</b>

For the group's financial instruments, the carrying amount corresponds to the fair value since the interest is in parity with current market rates or the items are current.

### Note 3 Revenue

Revenue by geographical area	2023	2022
Sweden	23.7	26.0
Europe	627.3	425.4
North America	502.2	247.8
Rest of the world	85.3	76.3
<b>Total</b>	<b>1,238.5</b>	<b>775.5</b>

One customer accounted for more than 10 percent of total revenue in 2023. Revenue from this customer accounted for 16 percent of the total. In 2022 one customer accounted for more than 10 percent of annual revenue. Revenue to this customer accounted for 23 percent of the total. The largest customers may vary from year to year.

The majority of the group's intangible assets and property, plant and equipment are in Denmark and the UK.

### Note 4 Costs by nature of expense

Group	2023	2022
Cost of goods sold	491.2	325.7
Costs of employee benefits (Note 7)	282.0	232.8
Depreciation/amortization and impairment losses (Notes 11, 12, 13 & 14)	65.3	47.8
Other costs	157.1	103.9
<b>Total</b>	<b>995.7</b>	<b>710.2</b>

Parent company	2023	2022
Costs of employee benefits (Note 7)	4.4	3.4
Other costs	8.1	8.3
<b>Total</b>	<b>12.5</b>	<b>11.6</b>

### Note 5 Inter-company transactions

Of the parent company's invoicing, SEK 0.1 million (0.1) refers to subsidiaries. The invoicing consists of services provided to subsidiaries. Invoicing from subsidiaries to the parent company totaled SEK 0.4 million (0.3).

### Note 6 Auditors' remuneration

	Group		Parent company	
	2023	2022	2023	2022
<b>PwC</b>				
Audit assignments <sup>1)</sup>	1.3	1.2	0.9	0.8
Audit business in addition to audit assignment	-	-	-	-
Other services <sup>2)</sup>	0.1	-	-	-
<b>Total</b>	<b>1.4</b>	<b>1.2</b>	<b>0.9</b>	<b>0.8</b>
<b>Other auditors</b>				
Audit assignments <sup>1)</sup>	1.4	0.8	-	-
Audit business in addition to audit assignment	-	-	-	-
Other services <sup>2)</sup>	-	-	-	-
<b>Total</b>	<b>1.4</b>	<b>0.8</b>	<b>-</b>	<b>-</b>

1) Audit assignment refers to fees for the statutory audit, that is, such work as is necessary to submit an auditor's report, as well as auditing consulting work arising in connection with the audit assignment.

2) Other services refer primarily to consulting on accounting and tax matters.

## Note 7 Personnel

Average number of employees	2023		2022	
	Number	of which male	Number	of which male
Parent company	1	100%	1	100%
Subsidiaries	215	82%	198	83%
<b>Total</b>	<b>216</b>	<b>82%</b>	<b>199</b>	<b>83%</b>

Gender breakdown, senior executives	2023		2022	
	Number	of which male	Number	of which male
Board of directors	6	50%	5	40%
Remuneration to the CEO and other senior executives	6	100%	6	100%

Salaries and other remuneration	2023	2022
Parent company	3.6	3.2
Subsidiaries	283.8	227.5
Capitalized salaries for research and development	-26.6	-16.4
<b>Group total</b>	<b>260.8</b>	<b>214.3</b>

Social security costs excluding pension costs	2023	2022
Parent company	0.6	0.0
Subsidiaries	11.6	10.5
<b>Group total</b>	<b>12.2</b>	<b>10.5</b>

Pension costs	2023	2022
Parent company	0,2	0,2
Subsidiaries	8.8	7.8
<b>Group total</b>	<b>9.0</b>	<b>8.0</b>

<b>Total personnel costs</b>	<b>282.0</b>	<b>232.8</b>
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### Pensions

Neither the parent company nor the group's subsidiaries have any defined benefit pension plans for employees.

### Employee stock option program

The purpose of the employee stock option programs is to link part of employees' remuneration to INVISIO's long-term performance and in that way connect employee interests with shareholder interests. The programs target all employees of the group and its subsidiaries, divided into three different categories. Provided that the participants were employed by the group on the allocation date, the employee was offered employee stock options without charge which may entitle them to acquire shares in the company. To enable all employee stock options to entitle the participant to acquire INVISIO shares it is a requirement, apart from the participant being employed within the INVISIO group throughout the vesting period, that the INVISIO share price exceeds SIXPRX by 20 percentage points. If INVISIO's share price exceeds SIXPRX by 10 percentage points, half of the participant's share options confer the right to acquire shares in INVISIO. If the INVISIO share price exceeds SIXPRX by more than 10 but less than 20 percentage points, the share options confer the right to acquire shares in INVISIO on a linear basis between 50 and 100 percent. If the INVISIO share price does not exceed SIXPRX by 10 percentage points all share options will lapse.

2020/2023 employee stock option program: During the year the 2020/2023 employee stock option program was closed. Of the total 564,000 allocated options, 541,500 were exercised, which increased the group's share capital by SEK 541,500 distributed among 541,500

new shares. The exercise price was SEK 108.20 per share. During the exercise period the weighted average share price was SEK 232.00. The costs during the year were SEK 0.8 million (1.8).

2022/2025 employee stock option program: The vesting period extends from May 6, 2022, to May 8, 2025, and the exercise period extends from May 15, 2025, to June 30, 2025. The costs during the year were SEK 3.8 million (2.6).

2023/2026 employee stock option program: On May 9, 2023, and December 1, 2023, a total of 793,600 new options were allocated to employees. The vesting period extends from May 9, 2023, to May 8, 2026, and the exercise period extends from May 15, 2023, to June 30, 2026. The costs during the year were SEK 5.0 million (-).

The market value of the employee stock option programs 2020/2023, 2022/2025 and 2023/2026 was calculated on the basis of the Black & Scholes valuation model with the following inputs:

	2020/2023	2022/2025	2023/2026
Share price, SEK	108.00	155.04	224.50
Expected dividend per share, SEK	0.85	0.70	0.80
Volatility, %	40	45	46
Risk-free interest rate, %	-0.37	1.45	2.71
Expected number of earned options, %	45	44	42
<b>Value per employee stock option, SEK</b>	<b>12.28</b>	<b>18.25</b>	<b>29.62</b>

	President/CEO	Other executives	Other employees	Total, number of options	Exercise price, weighted average, SEK
<b>Opening number of options as at January 1, 2023</b>	<b>59,000</b>	<b>145,000</b>	<b>1,045,700</b>	<b>1,249,700</b>	<b>145.87</b>
Allocated during the year	24,000	60,000	709,600	793,600	220.73
Forfeited/lapsed during the year	-	-	61,100	61,100	133.25
Exercised during the year	35,000	85,000	421,500	541,500	108.20
<b>Closing number of options as at December 31, 2023</b>	<b>48,000</b>	<b>120,000</b>	<b>1,272,700</b>	<b>1,440,700</b>	<b>201.80</b>

## Note 8 Remuneration to the board of directors and senior executives

	2023				2022			
	Fee/ Salary	Pension	Other remuneration	Total	Fee/ Salary	Pension	Other remuneration	Total
<b>Board of directors<sup>1)</sup></b>								
Annika Andersson, Chair of the Board <sup>2)</sup>	0.8	-	-	0.8	0.8	-	-	0.8
Lage Jonason <sup>3)</sup>	-	-	-	0.0	0.2	-	-	0.2
Hannu Saastamoinen <sup>4)</sup>	0.3	-	-	0.3	0.2	-	-	0.2
Charlotta Falvin <sup>5)</sup>	-	-	-	0.0	0.1	-	-	0.1
Ulrika Hagdahl <sup>6)</sup>	0.4	-	-	0.4	0.4	-	-	0.4
Martin Krupicka	0.3	-	-	0.3	0.2	-	-	0.2
Charlott Samuelsson <sup>7)</sup>	0.3	-	-	0.3	0.3	-	-	0.3
Nicklas Hansen <sup>8)</sup>	0.2	-	-	0.2	-	-	-	-
<b>Total</b>	<b>2.4</b>	<b>-</b>	<b>-</b>	<b>2.4</b>	<b>2.2</b>	<b>-</b>	<b>-</b>	<b>2.2</b>
<b>Management</b>								
Lars H. Hansen, CEO <sup>9)</sup>	5.9	0.2	0.0	6.1	5.0	0.2	-	5.3
Other management <sup>10)</sup>	16.2	0.2	0.5	17.0	17.0	0.3	0.3	17.6
<b>Total</b>	<b>22.0</b>	<b>0.4</b>	<b>0.5</b>	<b>23.0</b>	<b>22.0</b>	<b>0.6</b>	<b>0.3</b>	<b>22.9</b>

- 1) The 2023 AGM resolved that board fees of SEK 675,000 would be paid to the chair of the board and SEK 260,000 to each of the other directors. In addition, a fee of SEK 125,000 would be payable to the chair of the audit committee and SEK 60,000 to the chair of the remuneration committee and SEK 60,000 to the chair of the cybersecurity committee and SEK 40,000 to members of the remuneration committee and the cybersecurity committee and SEK 60,000 each to two members of the audit committee.
- 2) Includes fee for work as member of the audit committee, cybersecurity committee and as chair of the remuneration committee.
- 3) Includes fee for work as member of the audit committee. Lage Jonason stepped down at the end of October 2022.

### Guidelines for remuneration to senior executives

The last adopted guidelines for remuneration to senior executives are described below. The guidelines were adopted at the 2020 AGM and apply until further notice, though no longer than until the 2024 AGM.

#### General

INVISIO is to endeavor to offer total remuneration that enables the group to attract and retain senior executives. Remuneration to senior executives of INVISIO, both in the short and long term, must be based on the individual's performance and responsibility, as well as the earnings of INVISIO and its subsidiaries and it must link the interests and rewards of the senior executives with those of the shareholders.

- 4) Hannu Saastamoinen was elected to the board at the 2022 AGM. Includes fee for work as member of the remuneration committee.
- 5) Charlotta Falvin stepped down at the 2022 AGM.
- 6) Includes fee for work as chair of the audit committee and as member of the cybersecurity committee.
- 7) Includes fee for work as chair of the cybersecurity committee.
- 8) Includes fee for work as member of the audit committee.
- 9) Variable salary may be a maximum of 60 percent of the fixed salary. Variable salary of SEK 2.7 million (1.8) was paid in 2023.
- 10) Variable salary may be a maximum of 40 percent of the fixed salary. Variable salary of SEK 5.9 million (4.0) was paid in 2023.

Remuneration to senior executives may consist of fixed salary, short-term variable cash compensation, the opportunity to participate in long-term share or share-price related incentive programs, as well as pension and other benefits.

#### Fixed salary

The senior executives' fixed salaries are revised annually and must be competitive and based on the individual's skills, responsibilities and performance.

#### Variable salary

The variable cash remuneration of senior executives is to be based on how well the targets set for their respective areas of responsibility

and for INVISIO and its subsidiaries have been met. The outcome is to be linked to measurable targets (qualitative, quantitative, general and individual). The targets within the senior executives' respective areas of responsibility aim to promote the development of INVISIO, both in the short and long term. The variable remuneration may not exceed 60 percent of fixed salary and may not be used as a basis for calculating pension or vacation pay, to the extent permitted by applicable law.

#### Employee stock option program

For more information on the employee stock option program, see Note 7.

#### Pension

Any pension benefits must be through a defined contribution plan.

#### Severance periods

The CEO has a 12-month severance period of notice in the event of termination by the company, and eight months in the event of termination by the CEO. Other senior executives have a six-month severance period in the event of termination by the company, and three months in the event of termination by the executive.

#### Remuneration to members of the board

Elected directors shall in specific cases be able to receive a fee for services within their respective area of expertise which does not constitute board work. A market-based fee, which must be approved by the board, will be payable for these services.

#### Deviations from the guidelines

The board is entitled, if it determines that there are special grounds in an individual case, to deviate from the guidelines. In the case of such deviation, the board must report the grounds for the deviation at the next AGM.

#### Evaluation of the guidelines and the auditor's statement regarding compliance

In accordance with the Swedish Code of Corporate Governance, the board monitors and evaluates the application of the guidelines for remuneration to senior executives, as adopted by the AGM.

In accordance with the Swedish Companies Act, chapter 8, section 54, the company's auditor has expressed an opinion on compliance with the guidelines for remuneration of senior executives for 2023. The board's evaluation and the auditor's review have resulted in the conclusion that in 2023 INVISIO has complied with the guidelines adopted by the AGM.



## Note 9 Income tax

	Group		Parent company	
	2023	2022	2023	2022
Tax on profit for the year				
Current tax on profit for the year	-60.5	-21.1	-	-
Deferred tax	-3.0	3.0	-	-
<b>Total current tax</b>	<b>-63.5</b>	<b>-18.0</b>	<b>0.0</b>	<b>-</b>

Differences between reported tax expense and tax expense based on current tax rate	Group		Parent company	
	2023	2022	2023	2022
Profit before tax	241.9	62.5	38.0	25.4
Tax 20.6% (20.6)	-49.8	-12.9	-7.8	-5.2
Tax effect of:				
- Foreign tax rates	-6.8	-0.4	-	-
- Non-taxable revenue		-	10.8	8.2
- Expenses not deductible for tax purposes	-5.7	-2.8	-	-
- Other	1.0	1.5	-	-
- Tax attributable to previous years	5.8	-0.5	-	-
- Tax losses for which no deferred tax asset is recognized	-3.0	-3.0	-3.0	-3.0
- Change in tax rate for deferred tax	-5.0	-	-	-
<b>Tax on profit for the year according to income statement</b>	<b>-63.5</b>	<b>-18.0</b>	<b>-</b>	<b>-</b>
Effective tax rate, %	26.2	28.8	-	-

Deferred tax assets	Group		Parent company	
	2023	2022	2023	2022
Deferred tax asset attributable to other temporary differences	2.6	3.6	-	-
<b>Closing balance</b>	<b>2.6</b>	<b>3.6</b>	<b>-</b>	<b>-</b>

Deferred tax liabilities	Group		Parent company	
	2023	2022	2023	2022
Deferred tax liability attributable to capitalized development costs in Denmark	-21.2	-20.8	-	-
Debt attributable to temporary differences in other intangible assets	-16.9	-14.1	-	-
Deferred tax asset attributable to other temporary differences in Denmark	0.5	0.4	-	-
<b>Closing balance</b>	<b>-37.6</b>	<b>-34.6</b>	<b>-</b>	<b>-</b>

Unutilized loss carryforwards	Group		Parent company	
	2023	2022	2023	2022
Unutilized loss carryforwards for which no deferred tax asset has been recognized	164.7	150.2	161.8	147.3
Potential tax asset	33.9	30.9	33,3	30,3

Deferred tax assets are recognized for tax loss carryforwards insofar as it is likely that they can be utilized via future taxable profits. An individual assessment is made of each company with reference to historical performance and possibilities of utilizing the loss carryforwards.

The group's total loss carryforwards as at December 31, 2023, were SEK 164.7 million (150.2), of which no amount is capitalized.

Unutilized tax loss carry-forwards refer mainly to the parent company and cannot be used at present, as the parent company is a holding company with no other business activities.

## Note 10 Goodwill

Group, December 31	2023	2022
<b>Opening carrying amount</b>	<b>56.2</b>	<b>54.5</b>
Foreign exchange differences for the year	1.8	1.8
<b>Closing carrying amount</b>	<b>58.0</b>	<b>56.2</b>

Goodwill is tested annually for impairment. The recoverable amount for the group's cash generating units (CGUs) is determined on the basis of value-in-use calculations. These calculations are based on expected future cash flows measured using financial forecasts and strategies approved by management, and cover a five-year period. The assumptions reflect the financial targets set by the board, market reports on future growth, and technological trends. Cash flows beyond the five-year period are extrapolated using an estimated growth rate. Material assumptions used for calculating value in use are terminal growth rate, projected operating margin and discount rate before tax.

The terminal growth rate used is 2 percent (2). The discount rate before tax used is 12.5 percent (11.2). This is to reflect the specific risks applicable to the segment the company operates within.

A decrease in the terminal growth rate of 3 percentage points (3) does not trigger any impairment loss. A decrease in the estimated operating margin of 2 percentage points (2) does not trigger any impairment loss. An increase in the discount rate of 3 percentage points (3) does not trigger any impairment loss.

Based on the above, it is not deemed necessary to recognize any impairment losses.

## Note 11 Capitalized development costs

Group, December 31	2023	2022
<b>Opening cost</b>	<b>213.3</b>	<b>173.3</b>
Internally developed assets	39,2	23.9
Impairment losses for the year	-6.8	-
Foreign exchange differences for the year	-2.0	16.1
<b>Closing accumulated cost</b>	<b>243.6</b>	<b>213.3</b>
<b>Opening depreciation</b>	<b>-109.8</b>	<b>-80.6</b>
Depreciation for the year	-24.5	-21.0
Foreign exchange differences for the year	1.4	-8.1
<b>Closing accumulated depreciation</b>	<b>-132,8</b>	<b>-109.8</b>
<b>Closing carrying amount</b>	<b>110.7</b>	<b>103.5</b>

### Impairment testing

Intangible assets refer to internal development of products specifically for sale. A recoverable amount is estimated when there is an indication that the asset has decreased in value. During the year an impairment loss was recognized for one development project. Intangible assets under development are annually tested for impairment. The recoverable amount for the group's CGUs is determined on the basis of value-in-use calculations. Calculation is per project. These calculations are based on expected future cash flows based on financial forecasts and strategies approved by the management,

and cover a five-year period. The assumptions reflect the financial targets set by the board, market reports on future growth, and technological trends. The discount rate after tax used is 11.0 percent (10.0). This is to reflect the specific risks applicable to the segment the company operates within.

A change in discount rate of 3 percentage points (3) does not trigger any impairment loss (IAS 38). A change in estimated EBITDA of 2 percentage points (2) does not trigger any impairment loss. A change in estimated gross margin of 3 percentage points (3) does not trigger any impairment loss. Based on the above, it was not deemed necessary to recognize any impairment losses.

Expenditure recognized for research and development, excluding depreciation, totaled SEK 109.3 million (87.0) for the year.

**Note 12** Other intangible assets

Group, December 31	2023				2022			
	Trade mark	Customer relations	Technology	Total	Trade mark	Customer relations	Technology	Total
<b>Opening cost</b>	<b>13.8</b>	<b>62.9</b>	<b>27.4</b>	<b>104.1</b>	<b>13.4</b>	<b>60.9</b>	<b>26.5</b>	<b>100.8</b>
Foreign exchange differences for the year	0.2	0.9	0.4	1.6	0.4	2.0	0.9	3.3
<b>Closing accumulated cost</b>	<b>14.0</b>	<b>63.8</b>	<b>27.8</b>	<b>105.6</b>	<b>13.8</b>	<b>62.9</b>	<b>27.4</b>	<b>104.1</b>
<b>Opening depreciation</b>	<b>-3.3</b>	<b>-17.2</b>	<b>-4.3</b>	<b>-24.8</b>	<b>-1.5</b>	<b>-8.0</b>	<b>-2.0</b>	<b>-11.5</b>
Depreciation for the year	-1.8	-9.4	-1.9	-13.1	-1.7	-8.9	-2.3	-12.9
Foreign exchange differences for the year	0.0	0.1	0.0	0.1	0.0	-0.3	-0.1	-0.4
<b>Closing accumulated depreciation</b>	<b>-5.1</b>	<b>-26.6</b>	<b>-6.2</b>	<b>-37.9</b>	<b>-3.3</b>	<b>-17.2</b>	<b>-4.3</b>	<b>-24.8</b>
<b>Closing carrying amount</b>	<b>8.9</b>	<b>37.2</b>	<b>21.5</b>	<b>67.7</b>	<b>10.5</b>	<b>45.7</b>	<b>23.0</b>	<b>79.2</b>

**Note 13** Property, plant and equipment

Group, December 31	2023	2022
<b>Opening cost</b>	<b>51.6</b>	<b>40.5</b>
Purchases	21.0	8.3
Sales and disposals for the year	-0.1	-
Foreign exchange differences for the year	-0.5	2.8
<b>Closing accumulated cost</b>	<b>71.9</b>	<b>51.6</b>
Group, December 31	2023	2022
<b>Opening depreciation</b>	<b>-30.8</b>	<b>-23.3</b>
Depreciation for the year	-8.5	-5.5
Foreign exchange differences for the year	0.3	-2.0
<b>Closing accumulated depreciation</b>	<b>-39.0</b>	<b>-30.8</b>
<b>Closing carrying amount</b>	<b>33.0</b>	<b>20.8</b>

## Note 14 Leases

Group, December 31	2023	2022
<b>Opening cost</b>	<b>53.7</b>	<b>51.9</b>
Additional rights-of-use	22.5	1.1
Foreign exchange differences	-0,8	0.6
<b>Closing accumulated cost</b>	<b>75.3</b>	<b>53.7</b>
<b>Opening depreciation</b>	<b>-30.8</b>	<b>-18.2</b>
Impairment loss/reclassification	0.0	-4.1
Depreciation for the year	-12.3	-8.4
Foreign exchange differences	2.0	-0.2
<b>Closing accumulated depreciation</b>	<b>-41.1</b>	<b>-30.8</b>
<b>Closing carrying amount</b>	<b>34.2</b>	<b>22.8</b>

The majority of the group's leases consist of tenancy agreements for premises, for which INVISIO does not consider it material to present depreciation and carrying amounts for underlying asset types.

The group has decided to exclude short-term leases and low-value leases. These were expensed directly during the year and the impact on earnings was not significant.

Maturity analysis of lease liabilities, December 31	2023	2022
Year 1	11.6	9.0
Year 2	8.3	7.7
Year 3	8.0	4.5
Year 4	7.8	4.3
Year 5	3.8	1.1
After 5 years	-	-
<b>Total lease liabilities</b>	<b>39.5</b>	<b>26.5</b>
Effect of discounting	-1.8	-1.8
<b>Total according to the balance sheet</b>	<b>37.7</b>	<b>24.8</b>
of which short-term debt	10.9	8.7
of which long-term debt	26.9	16.1

Total cash flow for leases during the year totaled SEK 10.6 million (9.4). The parent company had no leases in 2023.

Group, December 31	2023	2022
<b>Opening lease liability</b>	<b>24.8</b>	<b>34.3</b>
Impairment loss/reclassification	0.0	-4.2
Additional lease liability	22.5	1.1
Amortization	-9.2	-8.7
Foreign exchange differences	-0,3	2.2
<b>Closing lease liability</b>	<b>37.7</b>	<b>24.8</b>

## Note 15 Inventories

Group, December 31	2023	2022
Finished products	158.1	110.4
Goods in progress	80.1	34.0
<b>Total</b>	<b>238.2</b>	<b>144.4</b>

During the year product costs of SEK 443.0 million (291.2) were recognized as cost of goods sold. The year's impairment of inventories was SEK 0.6 (3.7) and is recognized in cost of goods sold. No impairment loss on inventories to net realizable value was recognized during the year or in 2022.



## Note 16 Trade receivables

Group, Age analysis of trade receivables, December 31	2023	2022
Not past due	159.9	134.9
Past due 0–30 days	45.6	29.3
Past due 31–60 days	8.1	1.5
Past due >60 days	5.9	29.2
<b>Total past due</b>	<b>59.6</b>	<b>60.0</b>
<b>Total receivables</b>	<b>219.5</b>	<b>194.9</b>
Anticipated bad debt losses	-	-0.5
<b>Trade receivables in the accounts</b>	<b>219.5</b>	<b>194.5</b>

<b>Doubtful trade receivables</b>	<b>2023</b>	2022
<b>Opening balance</b>	<b>-0.5</b>	<b>-0.4</b>
Anticipated bad debt losses	-	0.0
Reversed amounts	0.5	-
Foreign exchange differences	0.0	-0.1
<b>Closing balance</b>	<b>-</b>	<b>-0.5</b>

INVISIO's customers have a good debt-servicing capacity, as they mainly consist of public agencies in charge of procurement on behalf of law enforcement, security forces and defense forces. A general credit loss reserve is based on historical credit losses and forward-looking assumptions.

As INVISIO has no historical bad debt losses and the group's future pool of customers consists of similar entities, the assessment has been made that the credit risk is very low and that the general credit loss reserve was not material as at December 31, 2023. An individual assessment of customers was carried out, in which the customers' current situation and other relevant circumstances were taken into consideration. The individual assessment gave rise to a provision of SEK - million (-).

## Note 17 Other receivables

Group, December 31	2023	2022
VAT	13.5	4.9
Other	3.6	1.8
<b>Total</b>	<b>17.1</b>	<b>6.7</b>

## Note 18 Prepaid expenses and accrued income

Group, December 31	2023	2022
Advances to suppliers	27.0	29.1
IT expenses	3.4	4.1
Exhibition expenses	2.1	1.8
Insurance	3.0	1.4
Rent	3.7	1.1
Other prepaid expenses	3.6	0.9
<b>Total</b>	<b>42.8</b>	<b>38.3</b>

## Note 19 Share capital

At December 31, 2023, share capital totaled SEK 45.6 million (45.0), distributed among 45,590,194 shares (44,048,694) with a quotient value of SEK 1.00.

The number of outstanding stock options amounts to 1,440,700 (1,249,700), which entitle the holder to subscribe for 1,440,700 (1,249,700) shares, distributed over two (two) programs.

For more information on the stock options, see "the Invisio share" on page 44 and Note 7.

## Note 20 Liabilities to credit institutions

Group, December 31	2023	2022
<b>Opening carrying amount</b>	<b>65.0</b>	<b>85.0</b>
Amortization of loans	-65.0	-20.0
<b>Closing carrying amount</b>	<b>-</b>	<b>65.0</b>

The table above presents the year's changes in the group's liabilities to credit institutions. The table includes current and non-current liabilities. The loan was repaid during the year.

Parent company, December 31	2023	2022
<b>Opening carrying amount</b>	<b>65.0</b>	<b>85.0</b>
Amortization of loans	-65.0	-20.0
<b>Closing carrying amount</b>	<b>-</b>	<b>65.0</b>

The table above presents the year's changes in the parent company's liabilities to credit institutions. The table includes current and non-current liabilities. The loan was repaid during the year.

## Note 21 Accrued expenses and deferred income

Group, December 31	2023	2022
Salary and other remuneration	44.0	30.1
Holiday pay liability	24.8	22.5
Accrued trade payables	12.1	2.5
Social security contributions	1.0	2.0
Audit fees	0.6	0.6
Rental of premises	-	0.4
Deferred income	-	0.2
Other accrued expenses	15.3	15.3
<b>Total</b>	<b>98.0</b>	<b>73.7</b>
Parent company, December 31	2023	2022
Salary and other remuneration	0.5	0.3
Audit fees	0.3	0.3
Social security contributions	0.1	0.1
Other accrued expenses	1.2	1.4
<b>Total</b>	<b>2.2</b>	<b>2.1</b>

## Note 22 Earnings per share

### EARNINGS PER SHARE BEFORE DILUTION

Group	2023	2022
Profit after tax	178.4	44.5
Average number of shares outstanding, thousands	45,590	44,838
<b>Earnings per share before dilution</b>	<b>3.91</b>	<b>0.99</b>

Earnings per share before dilution are based on earnings after tax attributable to equity holders of the parent and a weighted average of the number of shares outstanding.

### EARNINGS PER SHARE AFTER DILUTION

Group	2023	2022
Profit after tax	178.4	44.5
Average number of outstanding shares after dilution, thousands	45,628	45,158
<b>Earnings per share after dilution</b>	<b>3.91</b>	<b>0.99</b>

Earnings per share after dilution are based on earnings after tax attributable to equity holders of the parent and a weighted average of the number of shares outstanding, plus a weighted number of shares which would be added if all potential shares giving rise to dilution were converted to shares. Only the option programs whose issue price (measured at fair value under IFRS 2) is less than the average share price for the period can lead to a dilutive effect. The average price for 2023 was SEK 204.38 (150.63).

## Note 23 Non-cash items

Group	2023	2022
Depreciation/amortization	58.4	47.8
Change in warranty provision	4.1	1.1
Employee stock option program	9.6	4.5
Retirement of property, plant and equipment	0.0	4.1
Foreign exchange differences	2.8	-0.3
<b>Total</b>	<b>75.0</b>	<b>57.4</b>
Parent company	2023	2022
Anticipated dividend	-	-40.0
<b>Total</b>	<b>-</b>	<b>-40.0</b>

## Note 24 Shares and interests in group companies

Company	Corporate identity number	Registered office	Number of shares	Share of equity, %	Book value
INVISIO A/S	20 75 82 36	Hvidovre, Denmark	672,590	100	97.7
INVISIO Communications Inc.	38-4018124	Delaware, USA	100	100	2.9
INVISIO Communications SAS	820 683 654	Paris, France	100	100	0.8
INVISIO Srl	MI - 2128807	Milan, Italy	10,000	100	0.2
Nextlink IPR AB	556691-0385	Stockholm	1,000	100	2.5
Nextlink Patent AB	556680-1774	Stockholm	1,000	100	0.1
Racal Acoustics Inc	74-3154816	Delaware, USA	1,000	100	5.0
Racal Acoustics Ltd	GB863378003	Harrow, UK	2,000,000	100	208.9

Parent company, December 31	2023	2022
<b>Opening carrying amount</b>	<b>308.5</b>	<b>304.0</b>
Employee stock option program	9.6	4.5
<b>Closing carrying amount</b>	<b>318.1</b>	<b>308.5</b>

## Note 25 Related party disclosures

Inter-company transactions are with the parent company's wholly-owned subsidiaries, which are presented in Notes 5 and 24.

Remuneration to directors and senior executives is presented in Note 8.

No transactions took place with any of the company's shareholders.

## Note 26 Events after the close of the fiscal year

After year-end, INVISIO received an order worth SEK 230 million from a European customer for the INVISIO Intercom system and associated personal system.

Under a second order, worth SEK 235 million, INVISIO will serve as system integrator for all the communications systems ordered by the customer, a role that will include installation of in-vehicle radios and provision of user training.

Since this order involves the integration of third-party equipment, the profit margin will be significantly lower than that which typically applies to INVISIO products.

The major part of these orders is scheduled to start delivery in Q2 2024, with full delivery to be completed during Q4.

The consolidated income statement and balance sheet will be presented to the AGM on May 7, 2024 for adoption.

The board of directors and the CEO certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards IFRS as adopted by the EU and give a

true and fair view of the group's financial position and results of operations. The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair representation of the parent company's financial position and results of operations.

The administration report for the group and parent company provides a fair review of the development of the group's and the parent company's business, financial position and performance and describes significant risks and uncertainties faced by the parent company and the companies that form part of the group.

Stockholm, April 4, 2024

Annika Andersson  
Chair of the Board

Ulrika Hagdahl  
Director

Martin Krupicka  
Director

Nicklas Hansen  
Director

Hannu Saastamoinen  
Director

Charlott Samuelsson  
Director

Lars Højgård Hansen  
President and CEO

Our audit report was submitted on April 5, 2024

PricewaterhouseCoopers AB

Mats Åkerlund  
Authorized public  
accountant  
Auditor in charge



# Auditor's report

Unofficial translation

To the annual general meeting of the shareholders of INVISIO AB (publ), corporate identity number 556651-0987

## Report on the annual accounts and consolidated accounts Opinions

We have audited the annual accounts and consolidated accounts of INVISIO AB (publ) for the year. The annual accounts and consolidated accounts of the company are included on pages 57–89 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of December 31, 2023, and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2023, and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

## Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Our audit approach

### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming

our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

## Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–56 and 90–97. The board of directors and the managing director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the board of directors and the managing director

The board of directors and the managing director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of directors and the managing director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The board of directors and the managing director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the board of

directors and the managing director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

**Auditor’s responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen’s website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor’s report.

**Report on other legal and regulatory requirements**

**The auditor’s examination of the administration of the company and the proposed appropriations of the company’s profit or loss Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the board of directors and the managing director of INVISIO AB (publ) for the fiscal year 2023 and the proposed appropriations of the company’s profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the fiscal year.

**Basis for opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><b>Revenue recognition</b></p> <p><i>With reference to note 1 and note 3 in the annual report.</i></p> <p>The group’s sales for the year amount to SEK 1,239 million and consist entirely of sales of goods.</p> <p>Sales take place primarily via a global network of partners and resellers but the company also sells via its own companies in Denmark, the US, the UK, France and Italy. Revenue recognition represents a significant area in our audit given its importance to the financial reporting of the group. Specific attention is given to ensure that revenue transactions represent valid revenue transactions in accordance with the accounting framework.</p>	<p>Our audit approach included substantive testing of sales using data analysis and sample testing of customer contracts to identify any possibilities for customers to return goods.</p> <p>At the year-end closing we made a detailed examination of accruals of sales and cost of goods sold to ensure correct reporting of sales and cost of goods sold for the fiscal year.</p> <p>The examination was conducted with satisfactory results.</p>
<p><b>Measurement of goodwill and intangible assets with an indefinite life</b></p> <p><i>With reference to note 1 and note 10 in the Annual report.</i></p> <p>Part of Invisio’s intangible assets have been acquired externally through acquisitions. Assets with indefinite useful life such as goodwill amount to 58 MSEK and are not subject to yearly depreciation. Instead, an annual test will show whether the carrying amount for the cash generating unit can still be supported.</p> <p>There are a number of instances where management’s judgment is decisive for the accounting treatment in connection with acquiring businesses. Management’s estimates of the intangible assets’ potential to generate future cash flows and other assumptions are also decisive when preparing the annual impairment tests.</p> <p>Note 10 contains additional information on the group’s intangible assets and the significant assumptions applied in the annual impairment tests.</p>	<p>Our audit included but was not limited to the following activities:</p> <p>Assessed the model used by the Group for impairment testing and evaluated the significant assumptions for establishing forecasted cash flows and discount interest rates used for calculating the value-in-use of the cash generating units. In our evaluation, we have compared with the historic business performance and the Group’s forecasts and strategic planning as well as with external data sources when possible and relevant.</p> <p>Traced disclosure information to accounting records and other supporting documentation and performed sensitivity analysis. Based on the above, no need for write-downs has been noted.</p>

**Responsibilities of the board of directors and the managing director**

The board of directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the company's organization and the administration of the company's affairs. This includes, among other things, conducting a continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs are otherwise controlled in a reassuring manner. The managing director shall manage the ongoing administration according to the board of directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the board of directors or the managing director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company; or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the articles of association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

**The auditor's examination of the ESEF report****Opinion**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the board of directors and the managing director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for INVISIO AB (publ) for the fiscal year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

**Basis for opinions**

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the auditors' responsibility section. We are independent of INVISIO AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of the board of directors and the managing director**

The board of directors and the managing director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the board of directors and the managing director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and

generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the board of directors and the managing director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the board of directors and the managing director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

PricewaterhouseCoopers AB, Box 4009, 203 11 Malmö, was appointed auditor of INVISIO AB (publ) by the general meeting of the shareholders on May 4, 2023, and has been the company's auditor since April 11, 2008.

Malmö, on the date stated as per the electronic signature  
PricewaterhouseCoopers AB

Mats Åkerlund  
Authorized Public Accountant

## Financial key figures, alternative performance measures and other definitions

INVISIO's financial statements include financial key figures that are specified in current financial reporting rules, alternative performance measures (APMs) in accordance with ESMA's definition, and other key figures related to the business. The APMs are regarded as relevant for an investor that 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 in this page spread. Reconciliation is against the closest comparable IFRS financial measure.

### 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.

### EBITDA

Operating profit before depreciation and impairment losses.

### EBIT (operating profit)

Operating profit after depreciation and impairment losses. INVISIO defines EBIT as operating profit.

### Equity/assets ratio

Equity divided by total assets (balance sheet total).

### Equity per share

Equity divided by the number of outstanding shares adjusted for non-registered issues.

### Gross margin

Gross profit as a percentage of total income.

### Investments in R&D

Expenditure for research and development less amortization of intangible assets and capitalized development costs.

### Net financial items

Financial income less financial expenses.

### Number of employees at close of period

The number of employees on the date of the last payroll payment for the period.

### 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.

### Operating expenses

Selling and marketing costs, administrative expenses and development costs.

### Operating margin

Operating profit as a percentage of total revenue.

### Operating profit excluding acquisition costs

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

### Profit margin

Profit for the year as a percentage of total revenue.

### Shareholders' equity per share after dilution

Shareholders' equity divided by the number of outstanding shares after dilution.



## Reconciliation of alternative performance measures

January-December (SEK million)		2023	2022
Gross profit	A	747.3	449.7
Operating expenses	B	504.5	384.5
<b>EBIT (operating profit)</b>	<b>A-B</b>	<b>242.9</b>	<b>65.2</b>
EBIT (operating profit)	A	242.9	65.2
Depreciation/amortization and impairment, intangible assets and property, plant and equipment	B	65.3	47.8
<b>EBITDA</b>	<b>A+B</b>	<b>308.2</b>	<b>113.0</b>
Research and development costs	A	141.6	109.2
Amortization of capitalized development costs	B	24.5	21.0
Capitalized development costs	C	39.2	23.9
<b>Investments in R&amp;D</b>	<b>A-B+C</b>	<b>156.3</b>	<b>112.1</b>
31 December		2023	2022
Equity, SEK million	A	720.4	510.0
Number of shares, thousands	B	45,590	45,049
<b>Equity per share, SEK</b>	<b>A/B</b>	<b>15.80</b>	<b>11.32</b>
Equity, SEK million	A	720.4	510.0
Number of shares after dilution, thousands	B	46,237	45,049
<b>Equity per share after dilution, SEK</b>	<b>A/B</b>	<b>15.58</b>	<b>11.32</b>

## Five-year review

Income statements, January-December (SEK million)	2023	2022	2021	2020	2019
Total revenue	1,238.5	775.5	593.0	532.0	513.8
Cost of goods sold	-491.2	-325.7	-252.6	-222.9	-200.5
<b>Gross profit</b>	<b>747.3</b>	<b>449.7</b>	<b>340.4</b>	<b>309.0</b>	<b>313.3</b>
Operating expenses	-439.2	-336.7	-270.5	-200.9	-170.7
Depreciation/amortization and impairment losses	-65.3	-47.8	-45.1	-12.7	-10.0
<b>Operating profit</b>	<b>242.9</b>	<b>65.2</b>	<b>24.9</b>	<b>95.4</b>	<b>132.6</b>
Net financial items	-1.0	-2.7	-1.3	-10.5	1.5
<b>Profit before tax</b>	<b>241.9</b>	<b>62.5</b>	<b>23.5</b>	<b>84.9</b>	<b>134.1</b>
Income tax	-63.5	-18.0	-9.0	-23.7	-32.5
<b>Profit for the year</b>	<b>178.4</b>	<b>44.5</b>	<b>14.5</b>	<b>61.2</b>	<b>101.6</b>

Balance sheets, December 31 (SEK million)	2023	2022	2021	2020	2019
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	236.4	238.9	236.4	94.8	85.6
Property, plant and equipment	32.9	20.8	17.1	4.1	3.1
Rights of use, leases	34.2	22.8	33.7	24.0	25.3
Financial assets	6.9	6.3	5.6	5.1	4.1
<b>Total non-current assets</b>	<b>310.4</b>	<b>288.9</b>	<b>292.9</b>	<b>128.0</b>	<b>118.0</b>
<b>Current assets</b>					
Inventories	238.2	144.4	117.5	115.7	95.6
Trade receivables	219.5	194.5	117.6	100.4	111.0
Other current receivables	59.9	45.0	27.3	14.0	10.0
Cash and cash equivalents	224.9	127.1	134.8	157.7	145.1
<b>Total current assets</b>	<b>742.5</b>	<b>511.0</b>	<b>397.1</b>	<b>387.8</b>	<b>361.7</b>
<b>TOTAL ASSETS</b>	<b>1,053.0</b>	<b>799.9</b>	<b>690.0</b>	<b>515.8</b>	<b>479.7</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>	<b>720.4</b>	<b>510.0</b>	<b>417.5</b>	<b>378.9</b>	<b>366.0</b>
<b>Non-current liabilities</b>					
Liabilities to credit institutions	-	45.0	65.0	-	-
Lease liabilities	26.9	16.1	26.5	19.6	22.0
Deferred tax liabilities	37.6	34.6	35.5	20.5	6.5
<b>Total long-term liabilities</b>	<b>64.4</b>	<b>95.6</b>	<b>127.0</b>	<b>40.1</b>	<b>28.5</b>
<b>Current liabilities</b>					
Liabilities to credit institutions	-	20.0	20.0	-	-
Trade payables	97.1	63.7	34.1	35.3	29.8
Lease liabilities	10.9	8.7	7.8	4.2	3.9
Other current liabilities	160.1	101.9	83.7	57.3	51.5
<b>Total current liabilities</b>	<b>268.1</b>	<b>194.3</b>	<b>145.6</b>	<b>96.8</b>	<b>85.2</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,053.0</b>	<b>799.9</b>	<b>690.0</b>	<b>515.8</b>	<b>479.7</b>

## Five-year review (cont.)

Cash flow statement, January-December (SEK million)	2023	2022	2021	2020	2019
Profit before tax	241.9	62.5	23.5	84.9	134.1
Adjustments for non-cash items	75.0	57.4	47.7	24.0	8.7
Income tax paid	-33.3	-19.0	-9.0	-12.3	-2.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>283.6</b>	<b>100.9</b>	<b>62.2</b>	<b>96.7</b>	<b>140.0</b>
Cash flow from changes in working capital	-78.9	-59.2	28.8	-11.1	18.4
<b>Cash flow from operating activities</b>	<b>204.7</b>	<b>41.7</b>	<b>91.0</b>	<b>85.6</b>	<b>158.4</b>
<b>Cash flow from investing activities</b>	<b>-55.0</b>	<b>-33.5</b>	<b>-191.9</b>	<b>-25.4</b>	<b>-40.8</b>
<b>Cash flow from financing activities</b>	<b>-48.5</b>	<b>-25.1</b>	<b>73.0</b>	<b>-39.5</b>	<b>-34.2</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>101.3</b>	<b>-17.0</b>	<b>-27.9</b>	<b>20.7</b>	<b>83.4</b>

Key figures	2023	2022	2021	2020	2019
<b>Margins</b>					
Gross margin, %	60.3	58.0	57.4	58.1	61.0
Operating margin, %	19.6	8.4	4.2	17.9	25.8
Profit margin, %	14.4	5.7	2.4	11.5	19.8
<b>Capital structure</b>					
Equity/assets ratio, %	68.4	63.8	60.5	73.5	76.3
<b>Other</b>					
Number of employees at close of year	248	208	187	125	101
<b>The Invisio share</b>					
Number of shares at close of period, thousands	46,237	45,049	44,540	44,098	44,098
Earnings per share, SEK	3.91	0.99	0.33	1.39	2.30
Earnings per share after dilution, SEK	3.91	0.99	0.32	1.37	2.30
Equity per share, SEK	15.80	11.32	9.37	8.59	8.30
Shareholders' equity per share after dilution, SEK	15.58	11.32	9.26	8.28	8.11
Share price at close of period, SEK	195.60	164.60	163.80	250.00	101.80

### Financial calendar

Interim report January–March 2024	May 7, 2024
Annual general meeting (AGM) 2024	May 7, 2024, at 16:00
Interim report January–June 2024	July 19, 2024
Interim report January–September 2024	October 24, 2024

The 2024 AGM will be held in Stockholm and the notice to attend can be found at <https://corp.invisio.com/corporate-governance/annual-general-meeting>



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