

INVISIO

Conference Call October 30, 2020 | Interim Report January - September 2020
CEO Lars Højgård Hansen

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Agenda

- CEO Lars Højgård Hansen comments on Q3, 2020.
- Q&A.
- Financial performance in further detail.



Strong order intake and continued investments

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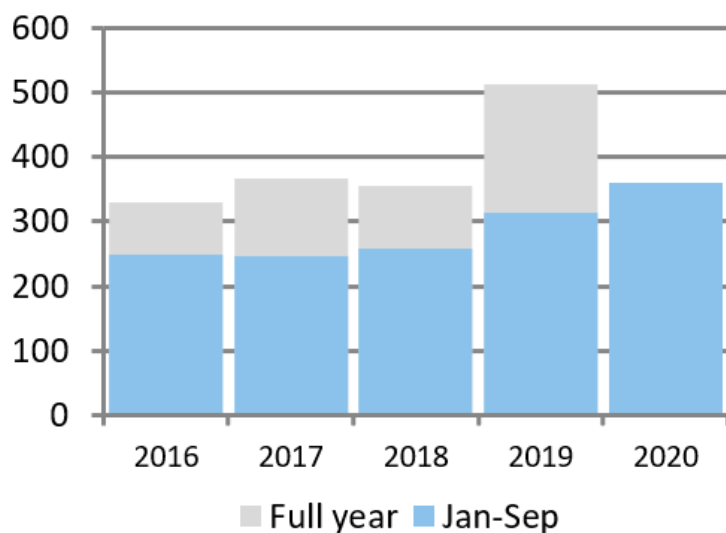
The financial result Q3 2020

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

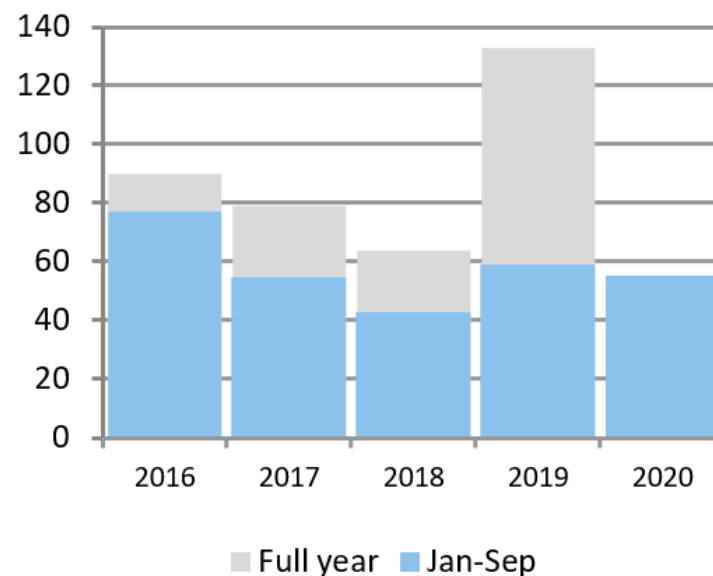
- A strong order intake and stable sales growth in the quarter.
- The investments in product and organizational development continued.
- The order intake of smaller orders, that do not give rise to public disclosure, continues to increase.
- Several major customer projects have been somewhat delayed due to the ongoing pandemic.
- The order intake was SEK 212.1 million (95.0) during the quarter. The order book at the close of the quarter was SEK 183.1 million (82.0).

Development in sales and EBIT

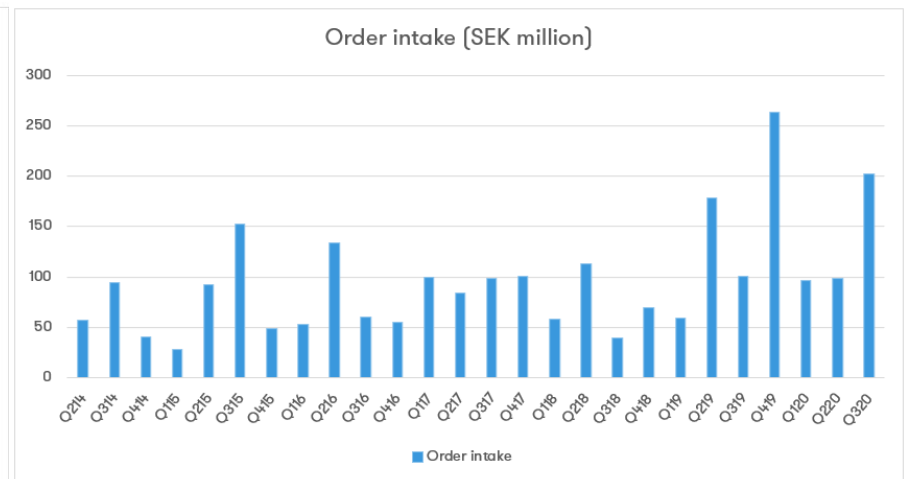
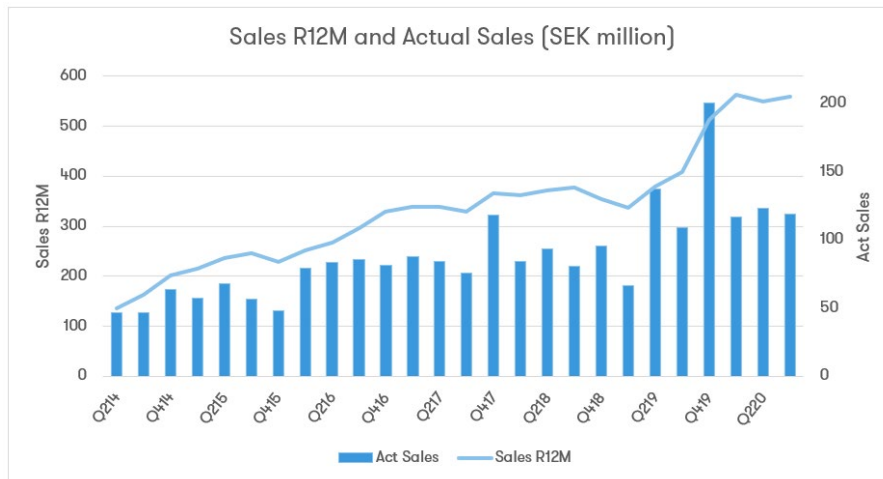
Sales (SEK million)



EBIT (SEK million)



Order intake and sales can fluctuate between quarters



- Steady long-term growth despite quarterly fluctuations in both sales and order intake.
- The Q3 order intake was the second highest ever for an individual quarter and amounted to SEK 212.1 million (95.0).

American defense customer placed a SEK 44 million order



Department of Defense


- An existing customer in the US Department of Defense placed the single largest order in the quarter, worth SEK 44 million.
- The order was obtained via our American GSA contract.
- The order includes advanced communication and hearing protection solutions.
- Delivery will be during 2020.

Strong interest in the Intercom system



- In Q3 we received several smaller orders for the Intercom system from specialist units in the USA and Europe.
- One of specialist units were the US Army 2nd Security Force Assistance Brigade (SFAB).
- Despite COVID-19 and travel restrictions, marketing of the Intercom system is largely going to plan.

The launch of T7 strengthens our market position



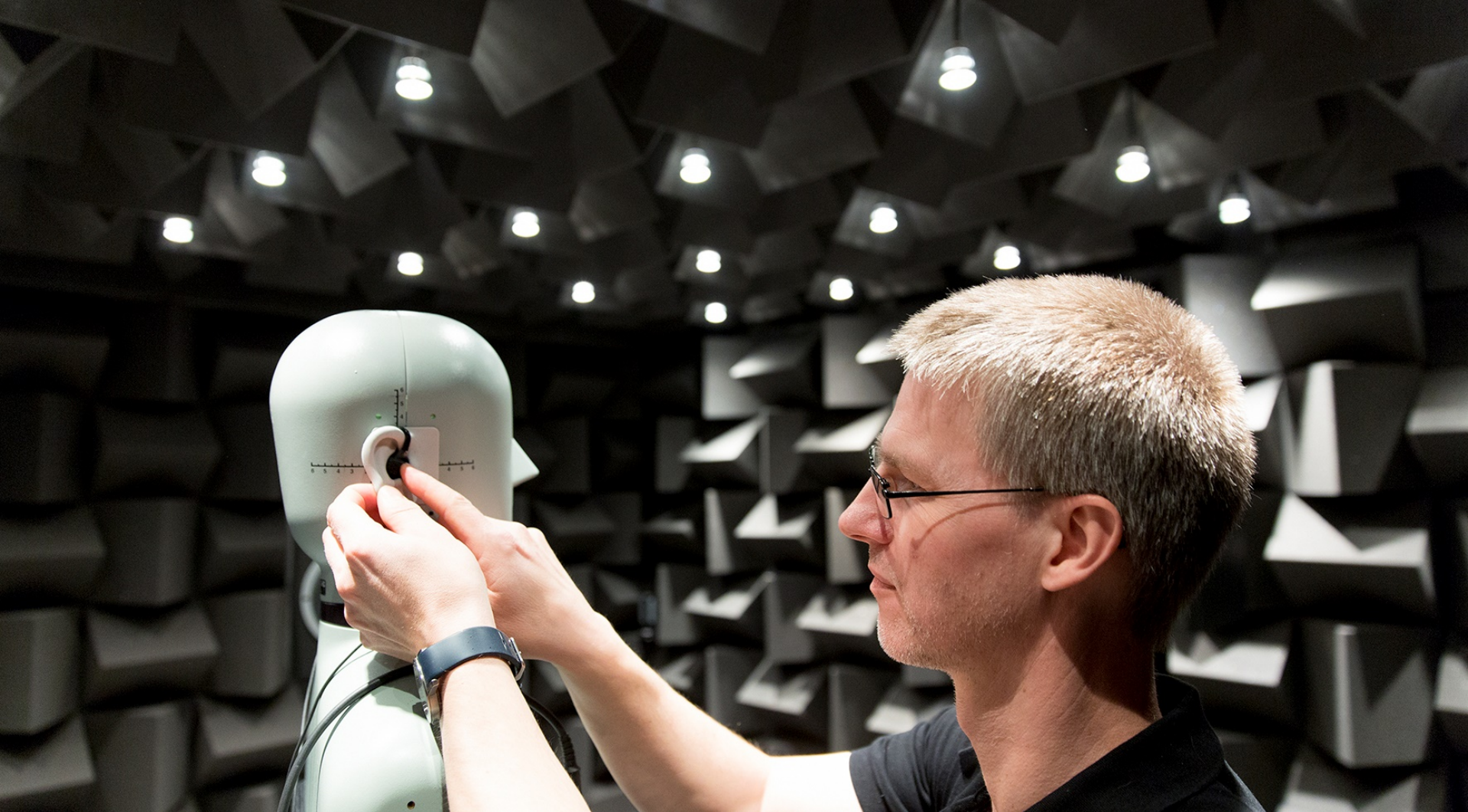
**INVISIO T7 – The first
headset to perform in all
mission scenarios**

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

Broadening our offer with a new product category



- INVISIO signed an agreement with the Danish audio company N-ear for the exclusive and global sales and distribution rights for the company's 360 audio products developed for the military and law enforcement.
- The partnership broadens the INVISIO offer with a completely new product category consisting of the market's most discreet headset.
- The agreement is expected to have a limited impact on revenues in 2020.



“INVISIO is developing according to its established strategy and will continue to invest in product and organizational development in 2020, both in R&D and sales. A strong base together with a clear strategy give us good conditions for continued growth.”



Questions and answers

Financial performance in further detail

Q3 2020

Condensed consolidated income statement and consolidated statement of comprehensive income

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

Condensed consolidated statement of financial position

Assets	Note	30/09/2020	30/09/2019	31/12/2019
Capitalized development costs		99.0	80.5	85.6
Equipment		3.4	3.5	3.1
Right-of-use assets, leases	4	23.1	26.4	25.3
Deposits for rent, long-term		2.3	1.9	2.3
Deferred tax assets	3	4.2	5.2	1.8
Inventories		143.8	104.6	95.6
Trade receivables		86.5	73.8	111.0
Other short-term receivables		16.1	18.5	10.0
Cash and cash equivalents		123.7	101.4	145.1
Total assets		501.9	415.7	479.7
Shareholders' equity and liabilities				
Shareholders' equity		368.2	319.9	366.0
Lease liabilities	4	24.0	27.7	25.9
Deferred tax liabilities	3	15.8	-	6.5
Trade payables		33.0	30.4	29.8
Other current liabilities		61.0	37.8	51.5
Total shareholders' equity and liabilities		501.9	415.7	479.7

Condensed consolidated statement of cash flow

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