

INVISIO Communications

Conference call May 6, 2020 | Interim Report January - March 2020
CEO Lars Højgård Hansen

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Agenda

- CEO Lars Højgård Hansen comments on Q1, 2020.
- Q&A.
- Financial performance in further detail.



Good growth and first delivery of the Intercom system

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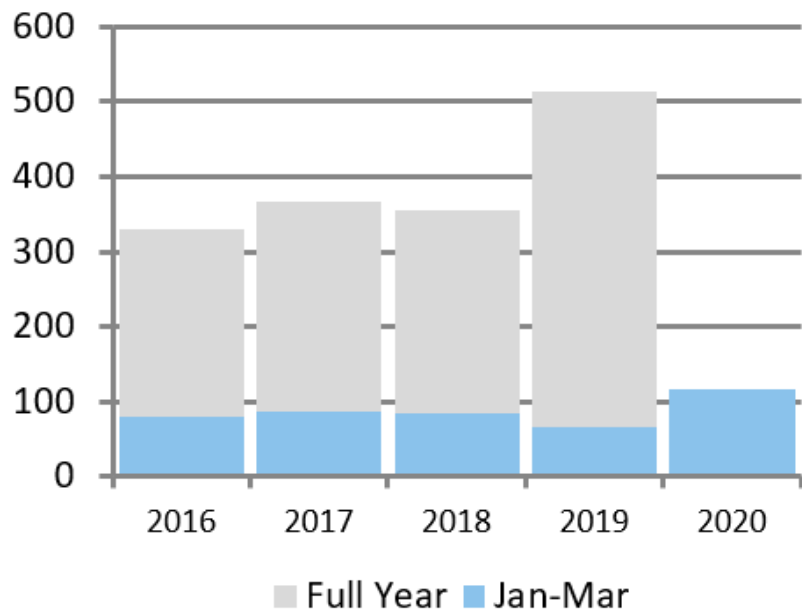
Q1 2020 - a strong start of the year

SEK in millions	2020 Jan-Mar	2019 Jan-Mar	Δ %	2019 Helår
Revenue	116,8	66,8	75	513,8
Gross profit	67,2	40,7	65	313,3
Gross margin, %	57,5	60,9		61,0
EBITDA	16,8	3,9	326	142,6
Operating profit/loss	14,4	1,5	861	132,6
Operating margin, %	12,3	2,2		25,8
Profit/loss for the period	9,4	1,5	527	101,6
Earnings per share, SEK	0,21	0,03	527	2,30

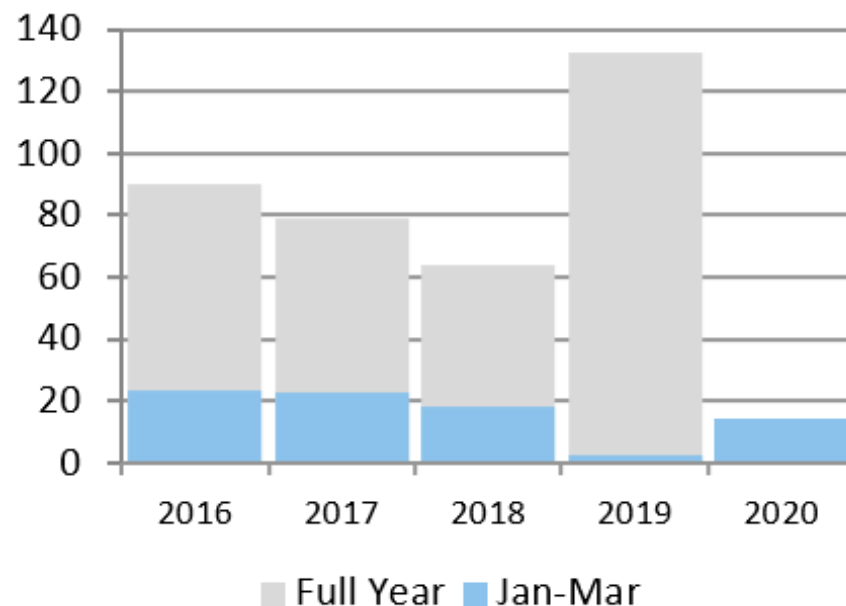
- Revenue – the strongest Q1 in the history of INVISIO. (But Q1 2019 was weak.)
- Gross margin affected by one specific order, all other orders have an average gross margin above 60 per cent.
- Continued investments in R&D and sales-organization.
- The AGM decided on a dividend of 0.85 SEK per share (0.70).
- The order book was SEK 124.9 million (48.3) at the end of the period

Development in sales and EBIT

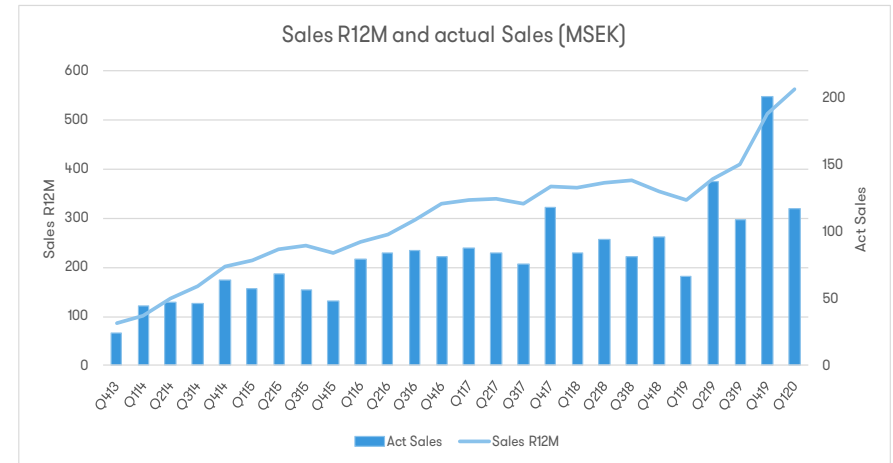
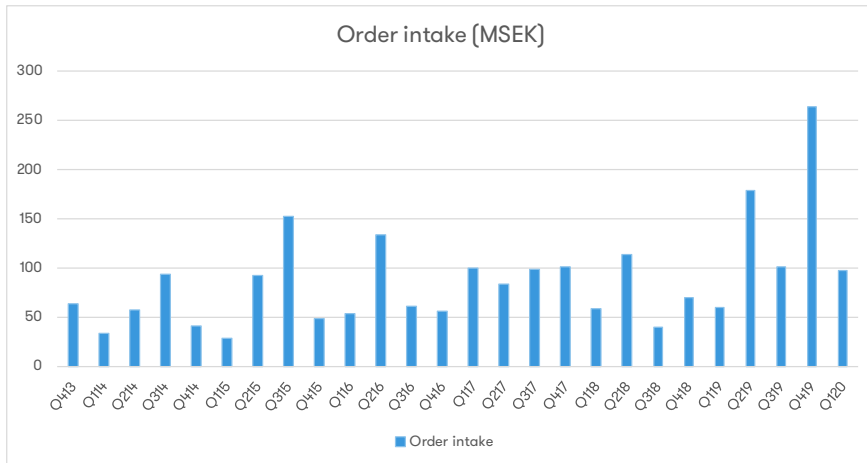
Sales (SEK m)



EBIT (SEK m)



Order intake and sales can fluctuate between quarters



- Steady long-term growth despite quarterly fluctuations in both sales and order intake.
- Sales CAGR 20.6 per cent for the period 2015-2019.

Another SFAB order



January 2020

INVISIO received another order for communication equipment from the U.S. Army's Security Force Assistance Brigades (SFAB).

- The order is valued at approximately SEK 36 million.
- Deliveries are expected to take place in the second quarter of 2020.

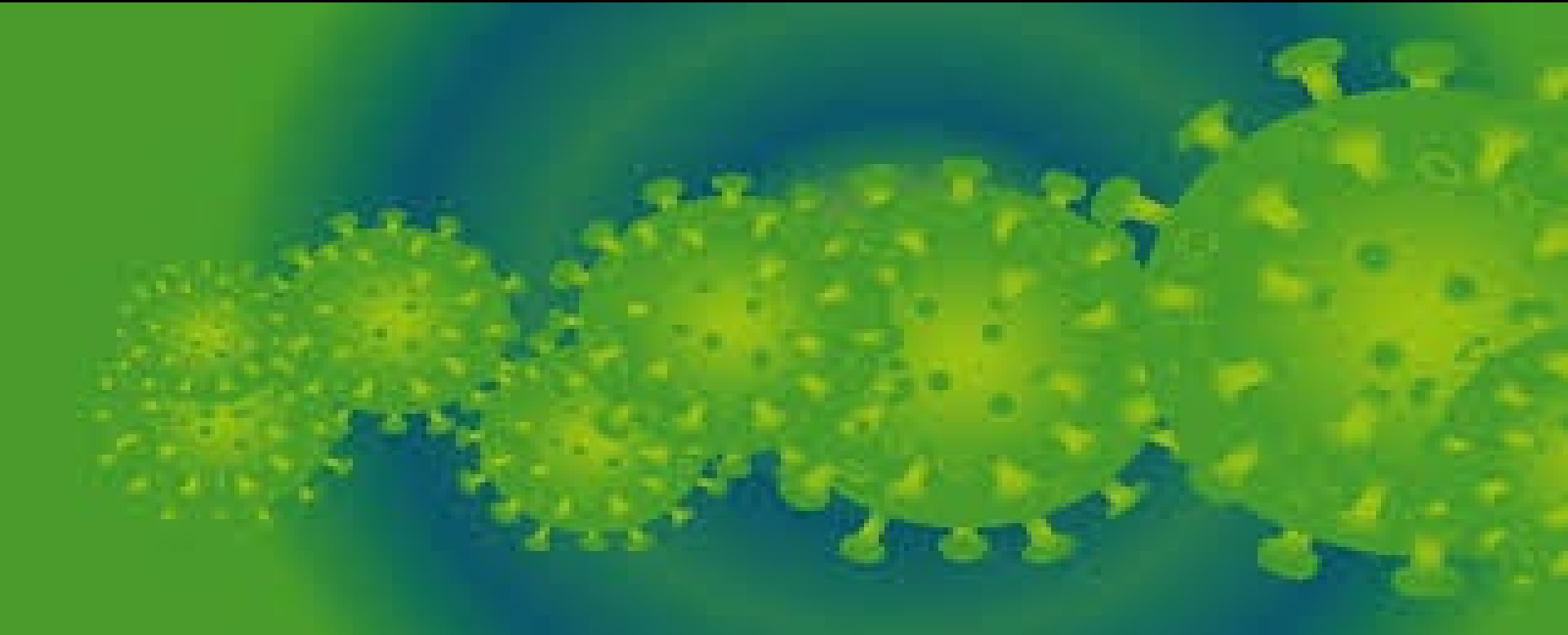
The SFAB are specialized units with the core mission to conduct training, advising, assisting, enabling and accompanying operations with allied and partner nations.

First delivery and a new smaller order of the Intercom system



- A first delivery of the Intercom system was made to a defense force in Europe. The customer is one of the key customers who have participated in developing the solution.
- Received a smaller order from a European special force customer.
- The Intercom system will in the long term develop into a broader product portfolio and is expected to contribute significantly to the company's continued growth.

Information concerning possible effects of Covid-19

A microscopic view of several COVID-19 virus particles. The particles are spherical and covered in small, protruding spikes, characteristic of the coronavirus structure. They are set against a dark blue background with a greenish-yellow glow around the particles.

INVISIO is currently experiencing few negative effects of Covid-19 and the company's assessment is that the effect on operations in the short term is limited, but that delays in order intake and deliveries of course cannot be ruled out if the epidemic is lengthy.

- INVISIO sees no significant negative effects on order intake.
- All manufacturing partners' production is continuing.
- INVISIO maintains a stable inventory in terms of both components and finished products.
- The financial position of the company is strong.

Strategy for 20 percent growth with an operating margin above 15 percent

1

Increase market share in existing markets

Apart from winning new procurement contracts, the company aims to increase its sales in the context of agreements already signed.

2

Broaden the product portfolio through innovation

Continually broaden the portfolio of user-friendly, flexible and cost-effective products.

3

Address new user groups

Increase the number of user groups with a similar need to communicate in noisy and challenging environments.

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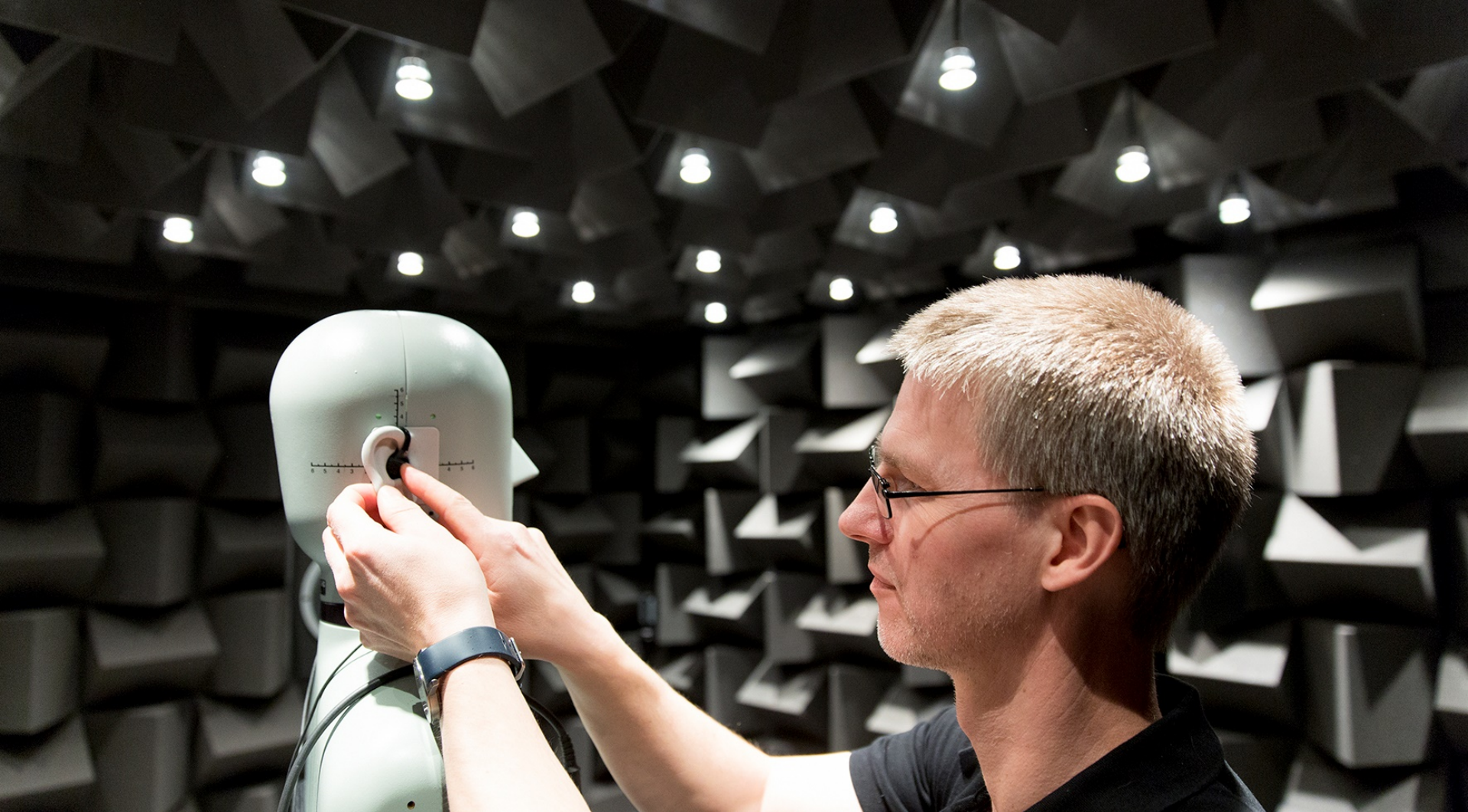
Expand to new geographies

Asia, the Middle East and South America will play a growing role for INVISIO.

5

Sustainable and cost-effective operations

Focusing on costs and sustainability internally and for manufacture of the company's products.



“INVISIO is developing according to its established strategy and will continue to invest in product development and organizational development in 2020, both in R&D and sales. The successes in 2019 together with a clear strategy give us good conditions for continued growth.”



Questions and answers

Financial performance in further detail

Q1 2020

Condensed consolidated income statement and consolidated statement of comprehensive income

<i>SEK in millions</i>	Note	2020 Jan-Mar	2019 Jan-Mar	2019 Full year
Revenue	2	116,8	66,8	513,8
Cost of goods sold		-49,6	-26,2	-200,5
Gross profit		67,2	40,7	313,3
Operating expenses*		-52,8	-39,2	-180,7
Operating profit/loss		14,4	1,5	132,6
Net financial items		-0,5	1,1	1,5
Profit/loss before tax		13,9	2,6	134,1
Income tax	3	-4,5	-1,1	-32,5
Profit/loss for the period		9,4	1,5	101,6
OTHER COMPREHENSIVE INCOME				
<i>Items that may subsequently be reclassified to profit and loss</i>				
Translation differences		22,1	3,4	1,8
Comprehensive income for the period		31,6	4,9	103,4
<i>(Profit/loss attributable to equity holders of the parent company.)</i>				
*Depreciation incl. in operating expenses		-2,4	-2,4	-10,0

Condensed consolidated statement of financial position

SEK in millions

Assets	Note	2020-03-31	2019-03-31	2019-12-31
Capitalized development costs		96,2	63,0	85,6
Equipment		3,0	4,2	3,1
Right-of-use assets, leases	4	24,4	28,2	25,3
Deposits for rent, long-term		2,4	1,9	2,3
Deferred tax assets	3	1,7	15,1	1,8
Inventories		117,2	115,9	95,6
Trade receivables		63,3	90,1	111,0
Other short-term receivables		12,5	9,9	10,0
Cash and cash equivalents		202,0	56,5	145,1
Total assets		522,6	384,8	479,7
Shareholders' equity and liabilities				
Shareholders' equity		398,1	297,1	366,0
Lease liabilities	4	26,5	28,7	25,9
Deferred tax liabilities	3	10,0	-	6,5
Trade payables		39,1	32,3	29,8
Other current liabilities		48,9	26,7	51,5
Total shareholders' equity and liabilities		522,6	384,8	479,7

Condensed consolidated statement of cash flow

<i>SEK in millions</i>	2020	2019	2019
	Jan-Mar	Jan-Mar	Full year
Operating activities			
Profit/loss before tax	13,9	2,6	134,1
Adjustments for non-cash items	1,5	2,0	8,7
Income tax paid	-0,6	-0,7	-2,8
Cash flow from operating activities before changes in working capital	14,9	3,8	140,0
Changes in inventories	-14,3	-13,0	7,5
Changes in operating receivables	50,9	23,8	2,3
Changes in operating liabilities	0,5	-6,7	8,6
<i>Cash flow from changes in working capital</i>	37,0	4,1	18,4
Cash flow from operating activities	51,9	8,0	158,4
Investing activities			
Capitalization of development costs	-6,0	-13,5	-39,6
Acquisition of property, plant, and equipment	-0,3	-0,3	-0,6
Acquisition of financial assets	0,0	-0,1	-0,5
Cash flow from investing activities	-6,3	-13,9	-40,8
Financing activities			
Changes in lease liabilities	0,6	-0,6	-3,4
Dividend paid	-	-	-30,9
Cash flow from financing activities	0,6	-0,6	-34,2
CASH FLOW FOR THE PERIOD	46,2	-6,5	83,4
Cash and cash equivalents at start of period	145,1	62,2	62,2
Translation differences in cash and cash equivalents	10,6	0,7	-0,5
Cash and cash equivalents at end of period	202,0	56,5	145,1