

# INVISIO Communications

Conference Call | October 28, 2019 | CEO Lars Højgård Hansen

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# Agenda

- CEO Lars Højgård Hansen comments Q3, 2019
- Q&A
- Financial performance in further detail



**Q3 2019: New agreements are milestones  
in INVISIO's development**

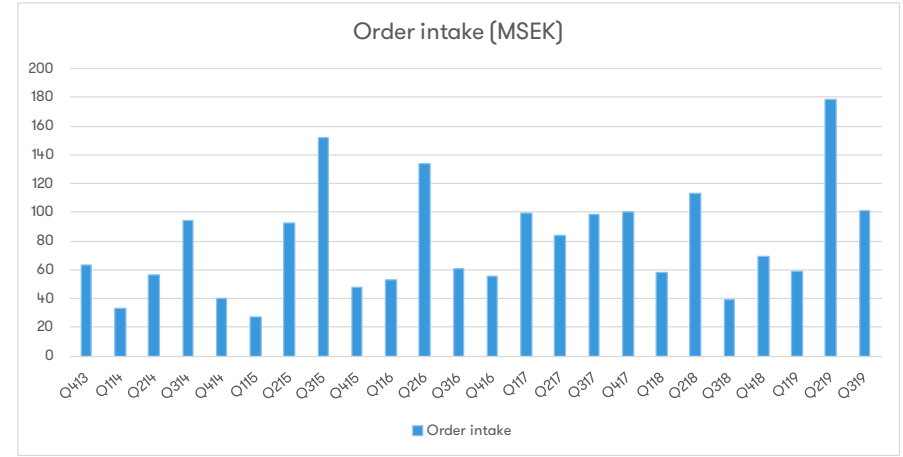
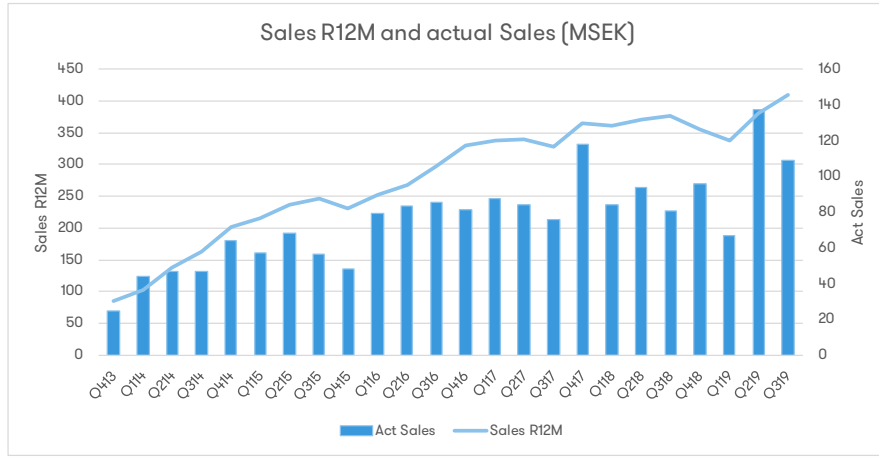
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# January – September in short:

SEK in millions	2019 Q3	2018 Q3	Δ %	2019 Jan-Sep	2018 Jan-Sep	Δ %
Revenue	<b>109.2</b>	80.9	35	<b>313.3</b>	258.8	21
Gross profit	<b>62.3</b>	47.0	33	<b>190.2</b>	152.4	25
Gross margin, %	<b>57.1</b>	58.1		<b>60.7</b>	58.9	
EBITDA	<b>21.3</b>	12.7	68	<b>66.6</b>	46.1	44
Operating profit/loss	<b>18.8</b>	11.6	62	<b>59.0</b>	42.9	38
Operating margin, %	<b>17.2</b>	14.3		<b>18.8</b>	16.6	
Profit/loss for the period	<b>16.2</b>	8.4	92	<b>46.2</b>	32.2	43
Earnings per share, SEK	<b>0.37</b>	0.19	92	<b>1.05</b>	0.73	43

- Strong sales in the quarter and record sales for the nine-month period.
- Order intake was SEK 95.0 million (39.3)
- Increased costs related to growth initiatives and headcount growth.
- The order book at the close of the quarter was SEK 82.0 million (82.3).

# INVISIO shows steady long-term growth



- Steady long-term growth despite quarterly fluctuations in both sales and order intake.

# U.S. Marine Corps choose INVISIO



U.S. Marine Corps photo by Cpl. Brennan

## Important events during the quarter

U.S. Marine Corps selects INVISIO for their Hearing Enhancement Program.

- First order of SEK 43 million received.
- Potential between 7,000 and 65,000 users.
- Follow-up orders are expected.

# U.S. DoD chooses INVISIO



## Department of Defense

October 2019

INVISIO has been awarded a five-year IDIQ (Indefinite Delivery, Indefinite Quantity) contract from the U.S. Department of Defense for communication and hearing protection systems.

- The maximum order value, over the five-year time period, is USD 30 million, equivalent to approximately SEK 290 million.
- The contract replaces the first one received in 2017 that expired earlier this year.

# Belgian army chooses INVISIO



Photo from the Belgium Army Facebook page

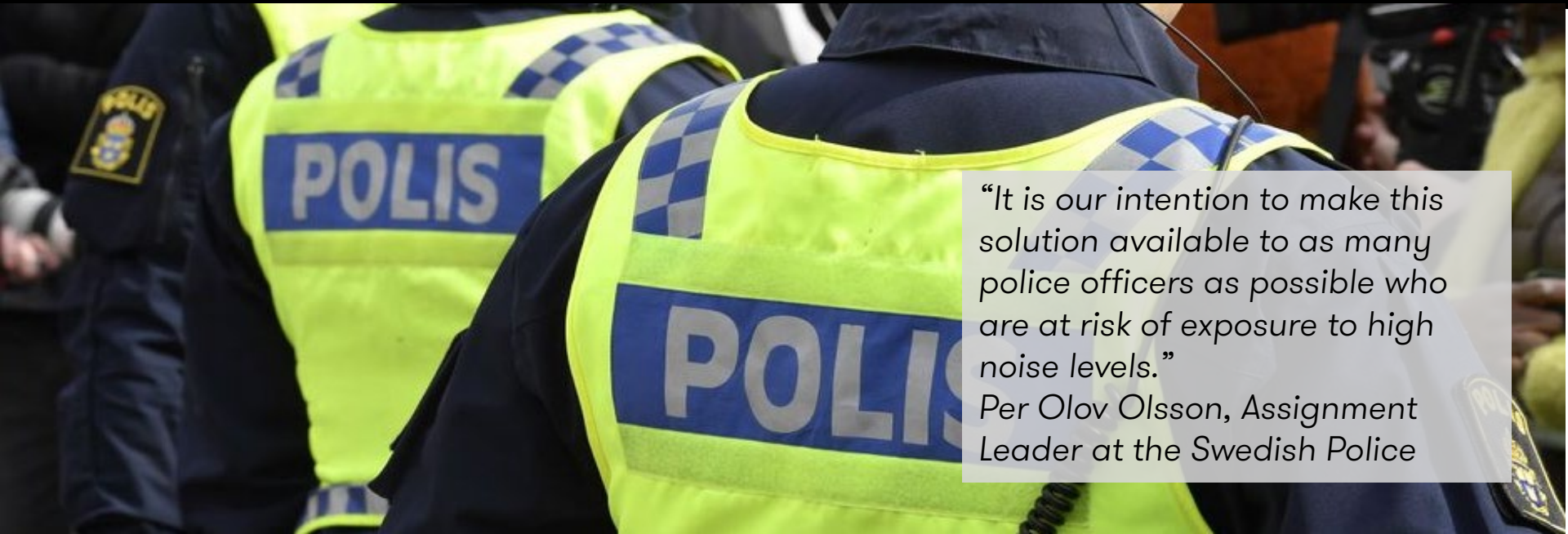
October 2019

INVISIO in partnership with Thales Belgium, received an order for communication and hearing protection systems from a new customer the Belgian army.

- Order value approx. SEK 30 million for the first order.
- Expecting a first follow-up order shortly of SEK 20 million.
- Long-term potential for further orders is considerable.



# Framework agreements and a first order from Swedish Police



*“It is our intention to make this solution available to as many police officers as possible who are at risk of exposure to high noise levels.”*

*Per Olov Olsson, Assignment Leader at the Swedish Police*

## October 2019

The Swedish police signs framework agreements with INVISIO regarding communication equipment with active hearing protection.

- Potential value is between SEK 50 and 75 million over the contract period.
- Agreements valid for two years with the possibility of extending for another two years. No volume is guaranteed.
- First order worth 19 MSEK.

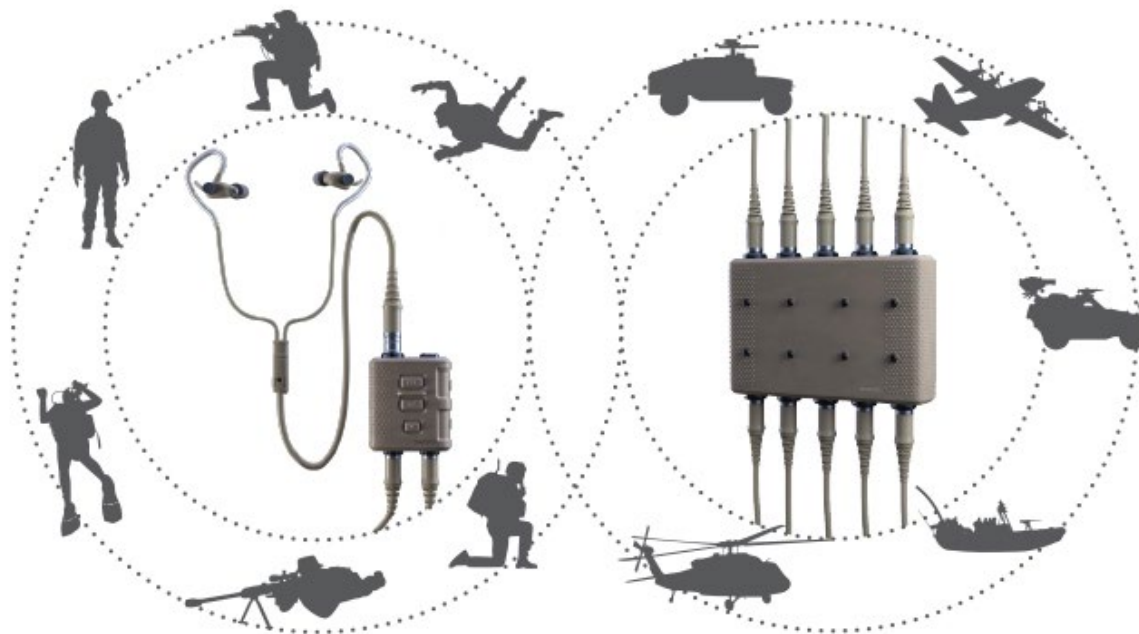
# INVISIO clear market leader in the U.S.



Product development and marketing initiatives that have been gradually increasing since 2017 are bearing fruit. In 2019 alone we won the following customers and programs:

1. INVISIO was assigned GSA status in January by the U.S. General Services Administration.
2. The U.S. Special Operations Command (USSOCOM) chose INVISIO in May as supplier to the CASL program.
3. U.S. Marine Corps selects INVISIO for their Hearing Enhancement Program in August.
4. Awarded a five-year IDIQ agreement (indefinite delivery, indefinite quantity) by the American Department of Defense, in October. The framework agreement replaces the first, which was signed in 2017 and expired earlier this year.

# The Intercom system broadens the INVISIO offer



## Intercom will contribute to the growth journey:

- Intercom is a ground-breaking new product for use in vehicles, boats and helicopters, that connects users of INVISIO's personal system to the vehicle's other communication systems.
- Intercom broadens the offer to the defense and security industry. The new category will make a material contribution to the company's long-term growth.
- Marketing of Intercom has been gradually intensified in 2019. Great interest at industry conferences in both London and Washington.



In light of the company's sound growth in 2019, with new agreements and completed initiatives to develop our offer and market presence, INVISIO is now entering a very interesting period. As we are also seeing growing defense budgets and increased investment in civil security, we have every reason to take a positive view of INVISIO's continued growth journey.



Q&A

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Thank you!

# Financial performance in further detail

Q3 2019

# Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2019 Q3	2018 Q3	2019 Jan-Sep	2018 Jan-Sep	2018 Full year
Revenue	2	109.2	80.9	313.3	258.8	354.5
Cost of goods sold		-46.9	-33.9	-123.1	-106.4	-154.7
<b>Gross profit</b>		<b>62.3</b>	<b>47.0</b>	<b>190.2</b>	<b>152.4</b>	<b>199.7</b>
Operating expenses*		-43.6	-35.4	-131.1	-109.5	-136.3
<b>Operating profit/loss</b>		<b>18.8</b>	<b>11.6</b>	<b>59.0</b>	<b>42.9</b>	<b>63.5</b>
Net financial items		3.2	0.0	2.9	0.2	0.7
<b>Profit/loss before tax</b>		<b>21.9</b>	<b>11.6</b>	<b>62.0</b>	<b>43.0</b>	<b>64.2</b>
Income tax	3	-5.7	-3.1	-15.8	-10.8	-16.0
<b>Profit/loss for the period</b>		<b>16.2</b>	<b>8.4</b>	<b>46.2</b>	<b>32.2</b>	<b>48.2</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Items that may subsequently be reclassified to profit and loss</i>						
Translation differences		5.1	-2.8	11.5	10.6	9.9
<b>Comprehensive income for the period</b>		<b>21.3</b>	<b>5.6</b>	<b>57.7</b>	<b>42.8</b>	<b>58.1</b>
[Profit/loss attributable to equity holders of the parent company.]						
*Depreciation incl. in operating expenses		-2.5	-1.1	-7.5	-3.2	-4.3



# Condensed consolidated statement of financial position

SEK in millions

<b>Assets</b>	<b>Note</b>	<b>30/09/2019</b>	<b>30/09/2018</b>	<b>31/12/2018</b>
Capitalized development costs		80.5	41.4	49.7
Equipment		3.5	4.0	4.4
Right-of-use assets, leasing	4	26.4	-	-
Deposits for rent, long-term		1.9	1.7	1.7
Deferred tax assets	3	5.2	19.2	15.6
Inventories		104.6	90.6	101.3
Trade receivables		73.8	78.8	104.6
Other short-term receivables		18.5	19.2	16.2
Cash and cash equivalents		101.4	97.1	62.2
<b>Total assets</b>		<b>415.7</b>	<b>352.1</b>	<b>355.7</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity		319.9	276.6	292.0
Lease liability	4	27.7	-	-
Trade payables		30.4	44.9	39.6
Other short-term liabilities		37.8	30.6	24.1
<b>Total shareholders' equity and liabilities</b>		<b>415.7</b>	<b>352.1</b>	<b>355.7</b>

# Condensed consolidated statement of cash flow

SEK in millions	2019 Q3	2018 Q3	2019 Jan-Sep	2018 Jan-Sep	2018 Full year
<b>Operating activities</b>					
Profit/loss before tax	21.9	11.6	62.0	43.0	64.2
Adjustments for non-cash items	-0.5	-1.4	3.3	2.1	2.0
Income tax paid	-0.4	-0.2	-1.9	-4.7	-4.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>21.0</b>	<b>10.0</b>	<b>63.3</b>	<b>40.5</b>	<b>61.4</b>
Changes in inventories	17.8	-20.8	1.8	-52.3	-63.3
Changes in operating receivables	1.2	-16.6	34.7	42.9	19.7
Changes in operating liabilities	-1.0	-3.7	-0.1	-9.2	-20.8
<i>Cash flow from changes in working capital</i>	18.0	-4.1	36.4	-18.6	-64.3
<b>Cash flow from operating activities</b>	<b>39.0</b>	<b>-31.2</b>	<b>99.8</b>	<b>21.9</b>	<b>-3.0</b>
<b>Investing activities</b>					
Capitalization of development costs	-8.9	-5.6	-31.2	-14.3	-23.4
Acquisition of property, plant, and equipment	-0.3	-0.2	-0.5	-0.6	-1.6
Acquisition of financial assets	0.0	0.0	-0.1	-0.1	-0.1
<b>Cash flow from investing activities</b>	<b>-9.2</b>	<b>-5.8</b>	<b>-31.8</b>	<b>-15.1</b>	<b>-25.1</b>
<b>Financing activities</b>					
Change in lease liability	-0.3	-	-1.5	-	-
Dividend	-	-	-30.9	-26.5	-26.5
<b>Cash flow from financing activities</b>	<b>-0.3</b>	<b>-</b>	<b>-32.4</b>	<b>-26.5</b>	<b>-26.5</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>29.4</b>	<b>-37.0</b>	<b>35.5</b>	<b>-19.6</b>	<b>-54.6</b>
Cash and cash equivalents at start of period	69.3	134.6	62.2	113.2	113.2
Translation differences in cash and cash equivalents	2.6	-0.5	3.7	3.6	3.6
Cash and cash equivalents at end of period	101.4	97.1	101.4	97.1	62.2