

INTERIM REPORT

January–September 2015

INVISIO[®]
NO NOISE. ONLY YOUR VOICE.

Breakthrough in UK, Canada and Australia

SEK m	Q3 2015	Q3 2014	Jan-Sept 2015	Jan-Sept 2014
Total income	56.3	46,8	181.7	137.9
Gross profit	29.3	20.0	95.7	59.2
Gross margin (%)	52.0	42,7	52.7	42.9
EBITDA	14.7	7.4	48.1	21.3
Operating profit/loss	12.9	6.2	43.3	17.5
Profit/loss after tax	26.1	20.1	53.5	29.3
Profit/loss per share (SEK)	0.62	0.48	1.27	0.69

Important Events July – September

- Awarded Canadian ISS-program.
- Awarded contract for THPS program in the UK. An initial order was received with a value of approximately SEK 130 million for delivery in 2016.
- Received order of SEK 9,0 million from American customer
- Received order of SEK 10.9 million from American TCAPS-program
- Liquidity provider agreement was terminated
- Outgoing backlog per September 30th amounted to SEK 163.2 million.

Important Events after the period

- Awarded 5-year standing offer contract in Australia with initial order worth SEK 11.0 million.

About INVISIO Communications AB

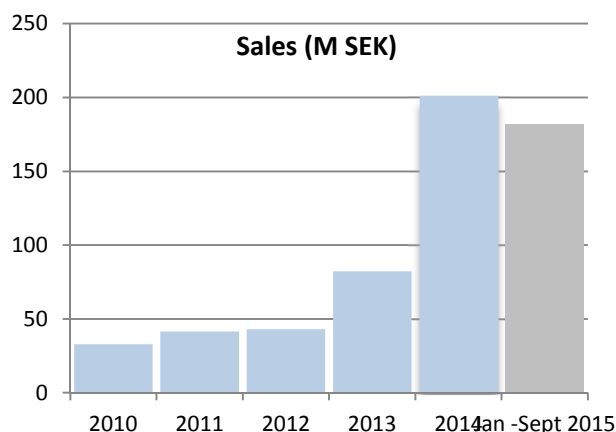
INVISIO Communications AB is a public company listed on the NASDAQ Stockholm Exchange (ticker code: IVSO). INVISIO specializes in voice communications in difficult conditions. The company develops, manufactures, markets and sells communication solutions such as advanced headsets control units and accessories for use with two-way radio, primarily for professional users who often work in difficult environments. The customers are for example found in the military and military Special Forces, police and SWAT teams, emergency services, the security sector, and various industries throughout the world. Additional information is available on the company's web site at www.invisio.com.

CEO's Comment

CONTINUED GOOD DEVELOPMENT AND BREAKTHROUGH IN UK, CANADA AND AUSTRALIA.

INVISIO continues to grow with good profitability and shows both strong revenues and incoming orders for the third quarter. Revenue during the quarter was up by 20 percent compared with the same period previous year. During the first nine months revenue increased by 32 percent to SEK 182 million, compared to SEK 138 million the previous year. Operating profit increased to SEK 43.3 million from SEK 17.5 million the previous year

We continue to win contracts among the military modernization programs. During the quarter we won two long-term contracts in UK and Canada through partners and after the period one program in Australia. At the same time we continued to see good order intake from existent customers in among others the USA, including the TCAPS-program. During the quarter SEK 155 million in order intake was secured, which is the highest order intake ever recorded during one quarter. I want nevertheless to indicate that long procurement and public tendering processes means that order inflow can continue to vary from quarter to quarter.



ORDER FROM UK MOD (MINISTRY OF DEFENSE) THPS-PROGRAM

It is very pleasing that the last three years efforts in UK paid off during the quarter. Together with Marlborough Communications Ltd (MCL) INVISIO won the THPS program tender and received an initial order with a value of approximately SEK 130 Million from the UK MoD (Ministry of Defense). We are proud of the contract and the solution we offered the customer together with MCL. The solution received very positive response in our own as well as our partners showcase during the international trade fair DSEi in London in September and we value this contract as an important reference through our continued expansion.

The contract between UK MoD and MCL has been awarded for four years, with the option to extend it for a further three years. INVISIO together with MCL will supply the British Army with INVISIO S10, one of our most sophisticated communications and hearing protection system. Deliveries will commence in early 2016 and continue throughout the year. The INVISIO S10 will be deployed across the British Army and further orders are expected over the life time of the contract as well as the possibility of receiving orders from the Royal Navy and the Royal Air Force.

CONTRACT IN CANADA REGARDING ISS-PROGRAM

INVISIO will also play a significant role in the Canadian program Integrated Soldier Systems (ISS). During the quarter our partner Rheinmetall Canada was awarded a contract with the first delivery of INVISIO products in 2016. After a qualification phase, it is expected that approximately 1 500 systems will be ordered during 2016, with an estimated order value of SEK 20 - 25 million for INVISIO.

The ISS contract was awarded for a period of four years and includes an option for approximately 2 500 additional systems. The communication system offered is the INVISIO V60 control unit and the INVISIO X5 headset. The solution will provide the user with efficient communications and certified hearing protection while enhancing the users' auditory situational awareness capabilities.

CONTRACT IN AUSTRALIA REGARDING LAND 125 PROGRAM

After the period INVISIO was selected, through its Australian partner Defcon Technologies Group, as the supplier of communications and hearing protection systems for the Australian Department of Defence under the LAND 125 Soldier Modernisation Program for the Australian Army. The Standing Offer arrangement runs for five years, with an option to extend it by up to four years. The initial order is valued at approximately SEK 11 million for delivery during the first half of 2016. A similar follow-on order is expected in the second half of 2016.

STRENGTHENED POSITION IN THE MARKET

The breakthrough for our product solutions in several countries means that INVISIO has strengthened its position in the market for advanced hearing protection and communication solutions. The military modernization programs taking place in more than 40 countries across the world aim to improve the soldiers' communications capabilities and security. We assess continued growth coming from this customer group. The success during the quarter proves that our solutions meet the customers very demanding requirements for performance and security.

We continue to invest in new technologies and solutions. Our investments will create new sales opportunities both from our current customer base as well as from new customers. Our position as the market leader will be further strengthened.

Lars Højgård Hansen, CEO

Total Income and Results July – September 2015

Total income for the third quarter amounted to SEK 56.3 million (46.8), an increase of 20 percent. After currency adjustment growth was 2 percent.

Gross profit amounted to SEK 29.3 million (20.0) and gross margin to 52.0 percent (42.7). Gross margin may vary between the quarters depending on the product mix and the share of direct sales to end-customers with higher margins compared to the share of sales through distributors.

The order backlog amounted to SEK 163.2 million (95.9) by the end of the quarter.

Operating expenses for the third quarter amounted to SEK 16.4 million (13.8).

Research and development costs of SEK 1.2 million (1.7) has been activated during the quarter. Operating expenses include depreciation of capitalized development expenditures of SEK 1.7 million (1.2).

Operating profit for the third quarter amounted to SEK 12.9 million (6.2)

Net financial items for the third quarter amounted to SEK -0.1 million (0.1).

Profit before tax for the third quarter amounted to SEK 12.8 million (6.3).

Results for the third quarter amounted to SEK 26.1 million (20.1). The result includes an activation of deferred tax assets of SEK 14.7 million (15.0) and an estimated tax cost of SEK -1.3 million (-1.1).

Profit per share for the third quarter amounted to SEK 0.62 (0.48).

Total Income and Results January – September 2015

Total income during the period amounted to SEK 181.7 million (137.9), an increase by 32 percent. After currency adjustment growth was 11 percent.

Gross profit amounted to SEK 95.7 million (59.2) and gross margin to 52.7 percent (42.9).

Operating expenses during the period January – September amounted to SEK 52.4 million (41.7). This includes expenses of SEK 3.6 million in regards to the listing process. Excluding this non-recurring cost, operating expenses for the period amounted to SEK 48.8 million.

Research and development costs of SEK 3.3 million (4.2) has been activated during the period. Operating expenses include depreciation of capitalized development expenditures of SEK 4.7 million (3.7).

Operating profit for the period January - September amounted to SEK 43.3 million (17.5).

Net financial items for the period January - September amounted to SEK -0.6 million (-2.0).

Profit before tax for the period January - September amounted to SEK 42.7 million (15.6).

Profit after tax for the period January - September amounted to SEK 53.5 million (29.3).

The result for the period includes an activation of deferred tax assets of SEK 14.7 million (15.0) and an estimated tax cost of SEK -3.9 million (-1.1).

Profit per share for the period January - September amounted to SEK 1.27 (0.69).

Capital Expenditure, Cash Flow and Liquidity, Financing, and Shareholders' Equity

CAPITAL EXPENDITURE

During January – September, capital expenditures amounted to SEK 3.5 million (4.3), of which SEK 3.3 million (4.2) was activated development costs.

CASH FLOW AND LIQUIDITY

Cash flow from the operating activities during January – September amounted to SEK 41.5 million (21.3). Cash flow from the investment activities amounted to SEK -3.5 million (-4.3). Cash flow from the financing activities amounted to SEK -19.1 million (-10.2) and consisted of amortization of loans and reduced factoring. Cash flow during the period thus amounted to SEK 18.9 million (6.8).

During the period, final amortization payment of loans to Almi Företagspartner amounting to SEK 2.3 million was made. Amortization of loans to SEB worth SEK 6.0 million was made. Factoring has been reduced by SEK 10.9 million during the period.

By the end of the period, the Group's liquid assets amounted to SEK 47.0 million (16.3).

FINANCING

The Company's total debt per September 30 regards to a loan of SEK 4.0 million with SEB bank. The Company has an unutilized overdraft facility with a limit of SEK 10 million. The liquidity provider agreement was terminated during the quarter.

EQUITY

The Group's equity by the end of the period amounted to SEK 105.7 million (34.8), which resulted in an equity ratio of 72.3 percent (38.8).

Deferred tax assets of SEK 14.7 million were recognized in this quarter. Total deferred tax assets in the balance sheet is SEK 30.3 million, which originates from the Danish subsidiary. Deferred taxes are accounted as tax deductions if it is likely that they can be used against future taxable profits. An individual assessment will be conducted for each subsidiary with regards to historic results and possibilities to utilize deductions. Deductions exist mainly in the Danish subsidiary. Danish regulation limits the yearly amounts deductible, which implies that the Danish subsidiary will pay taxes for the full year of 2015. There is no time limit on all tax deductions that amounts to a total of SEK 289 million of which SEK 172 million is activated.

Parent Company

Net income for the parent company during the period January – September amounted to SEK 45 thousand (45). Operating results amounted to SEK -7.3 million (-3.9). Expenses of SEK 3.6 million regarding the listing process are included in the results after taxes. The results after taxes for the period amounted to SEK -7.6 million (-4.9).

The liquid assets of the parent company by the end of the period January – September amounted to SEK 5.8 million (5.3). Shareholder's equity amounted to SEK 59.2 million (59.2), which resulted in equity ratio of 66.6 percent (67.4). The number of employees in the parent company was 1 (1).

Accounting Principles

The interim report for the Group has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The Parent Company's accounts have been prepared in accordance with RFR2, Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting principles that are described in the 2014 Annual Report have been applied.

Significant Risks and Uncertainties

INVISIO's business and earnings are affected by a number of external and internal factors. A continuous process is conducted to identify all anticipated risks and to assess how each respective risk shall be managed.

The risks that the Company is mainly exposed to are market-related risks (including legislation and political decisions, global economic situations, competition, technological risks and market acceptance of new products and dependency of suppliers), operational risks (including the ability to manage growth, customers and cooperation agreements, product liability, intellectual property, dependence on key persons and employees, as well as risks related to financial reporting) and financial risks (including interest rate risk, currency risk, financing risks and liquidity risks).

The Company estimates that no additional significant risks or uncertainties have arisen during the year, beyond those reported in this Interim Report and on the pages 43-45 and 57-58 in the Annual Report for 2014.

Related Party Transactions

Lage Jonason, with related parties, is one of the Company's largest individual shareholders. For part of the commitment towards suppliers, Lage Jonason has personally stood guarantee until February 2015. Lage Jonason was entitled to 1.5 percent annual reimbursement concerning his guarantee. Per 31st May 2015, Yggdrasil AB provided guarantee for the Company's loans of SEK 9 million and overdraft facility (limit SEK 10 million) in exchange for an annual guarantee commission of 3.5 percent of utilized values up to SEK 15 million.

Both guarantees have expired.

Further events and reporting dates

- Year-End Report 2015: February 23, 2016

Interim Reports and Annual Reports are available at www.invisio.com

Stockholm November 4th 2015

Lars Röckert
Chairman of Board

Annika Andersson
Board Member

Lage Jonason
Board Member

Mats Warstedt
Board Member

Anders Persson
Board Member

Charlotta Falvin
Board Member

Lars Højgård Hansen
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Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information (interim report) of INVISIO Communications AB (publ) as of 30 September 2015 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 4th November 2015

PricewaterhouseCoopers

Michael Bengtsson
Authorized Public Accountant

Financial Reports

Consolidated Income Statement

SEK 000s	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Sales	56 308	46 848	181 673	137 870	201 635
Cost of goods sold	-27 051	-26 845	-85 999	-78 671	-110 362
Gross Profit	29 257	20 003	95 674	59 199	91 273
Operating expenses*	-16 370	-13 845	-52 399	-41 654	-56 622
Operating profit/loss	12 887	6 158	43 275	17 545	34 651
Net financial items	-128	130	-577	-1 994	-2 930
Profit/loss before tax	12 759	6 288	42 698	15 551	31 721
Income tax	13 340	13 797	10 810	13 797	12 556
Profit/loss for the period	26 099	20 085	53 508	29 348	44 277
Other comprehensive income					
Translation differences	2 388	247	-593	1 210	3 751
Comprehensive income for the period (Entirely attributable to equity holders of the parent)	28 487	20 332	52 915	30 558	48 028
*Depreciation incl. in operating expenses	-1 783	-1 194	-4 825	-3 798	-5 034

Per-share data	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Earnings per share, SEK	0,62	0,48	1,27	0,69	1,05
Earnings per share after dilution, SEK	0,59	0,46	1,22	0,68	1,02
Shareholders' equity per share, SEK	2,50	0,82	2,50	0,82	1,24
Shareholders' equity per share after dilution, SEK	2,50	0,82	2,50	0,82	1,20
Equity ratio	73%	39%	73%	39%	50%
Number of shares, thousand	42 240	42 240	42 240	42 240	42 240
Average number of shares, thousand	42 240	42 240	42 240	42 240	42 240
Average number of shares after dilution, thousand	43 947	43 573	43 947	43 279	43 573
Share price, SEK	45,30	14,50	45,30	14,50	12,80

Consolidated Balance Sheet

SEK 000s

Assets	2015-09-30	2014-09-30	2014-12-31
Intangible assets	17 244	18 438	18 979
Property, plant and equipment	351	177	154
Financial assets	772	747	782
Deferred tax assets	30 288	15 211	15 759
Inventories	18 041	14 737	16 391
Accounts receivable - trade	23 535	17 525	18 845
Other receivables	7 877	6 414	6 339
Cash and cash equivalents	47 000	16 292	28 444
Total assets	145 108	89 541	105 693

Shareholders' equity and liabilities	2015-09-30	2014-09-30	2014-12-31
Shareholders' equity	105 695	34 771	52 375
Liabilities to credit institutions	4 000	23 519	23 280
Accounts payable - trade	14 030	21 046	14 949
Other liabilities	21 383	10 205	15 089
Total shareholders' equity and liabilities	145 108	89 541	105 693

Changes in shareholders' equity	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Opening balance	52 375	3 894	3 894
Employee stock option program	405	319	453
Comprehensive income for the period	52 915	30 558	48 028
Closing balance	105 695	34 771	52 375

Statement of cash flows – Group

SEK 000s

Cash flow	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Operating activities					
Profit/loss before tax	12 758	6 289	42 698	15 551	31 721
Adjustments for non-cash items	2 368	1 199	5 176	4 086	6 515
Cash flow from operating activities before changes in working capital	15 126	7 488	47 874	19 637	38 236
Cash flow from changes in working capital	3 057	5 124	-6 387	1 722	-3 926
Cash flow from operating activities	18 183	12 612	41 487	21 359	34 310
Investing activities					
Capitalization of non-current assets	-1 231	-1 575	-3 262	-4 167	-5 259
Acquisition of property, plant and equipment	-276	-152	-276	-152	-153
Cash flow from investing activities	-1 507	-1 727	-3 538	-4 319	-5 412
Financing activities					
Change in financial assets	-3 799	-1 814	-19 098	-10 199	-10 887
Cash flow from financing activities	-3 799	-1 814	-19 098	-10 199	-10 887
Cash flow for the period	12 877	9 071	18 851	6 841	18 011
Cash and cash equivalents at start of period	33 439	7 094	28 444	9 126	9 126
Translation differences in cash and cash equivalents	684	127	-295	325	1 307
Cash and cash equivalents at end of period	47 000	16 292	47 000	16 292	28 444

Parent Company Income Statement

SEK 000s	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Operating income	15	15	45	45	60
Operating expenses	-1 199	-1 294	-7 387	-3 977	-5 569
Operating loss	-1 184	-1 279	-7 342	-3 932	-5 509
Net financial items**	-23	-413	-282	-982	7 679
Profit/loss before tax	-1 207	-1 692	-7 624	-4 914	2 170
Income tax	-	-	-	-	-
Profit/loss for the period	-1 207	-1 692	-7 624	-4 914	2 170
**Of w hich, dividend from/ shareholder contribution to subsidiaries	-	-	-	-	9 000

Parent Company Balance Sheet

SEK 000s

Assets	2015-09-30	2014-09-30	2014-12-31
Financial assets/shares in subsidiaries	82 815	82 276	82 411
Receivables from Group companies	-	-	310
Other receivables	333	302	395
Cash and cash equivalents	5 823	5 310	1 069
Total assets	88 971	87 888	84 185
Shareholders' equity and liabilities	2015-09-30	2014-09-30	2014-12-31
Shareholders' equity	59 243	59 244	66 462
Liabilities to credit institutions	4 000	23 499	12 333
Accounts payable - trade	124	23	793
Liabilities to Group companies	24 076	3 553	3 014
Other liabilities	1 528	1 569	1 583
Total shareholders' equity and liabilities	88 971	87 888	84 185
Changes in shareholders' equity	2015-09-30	2014-09-30	2014-12-31
Opening balance	66 462	63 839	63 839
Employee stock option program	405	319	453
Profit/loss for the period**	-7 624	-4 914	2 170
Closing balance	59 243	59 244	66 462
**Of w hich, dividend from/ shareholder contribution to subsidiaries	-	-	9 000