

Q1

Strong first quarter performance

Mkr	2016	2015	Δ %
	Jan-Mar	Jan-Mar	
Revenue	79,5	57,2	39
Gross Profit	42,2	32,3	31
Gross margin (%)	53,1	56,4	-6
EBITDA	24,8	15,0	65
Operating profit/loss	23,5	14,2	65
Profit/loss for the period	23,4	13,9	69
Earnings per share, SEK	0,55	0,33	69
Operating margin (%)	29,6	24,9	19

“Deliveries to the United Kingdom and Australia started during the quarter as planned. Sales reached SEK 79.5 million, a 39 per cent increase compared with the same period in the previous year.”

Lars Højgård Hansen, CEO

IMPORTANT EVENTS DURING THE QUARTER

- INVISIO received two follow-up orders from the Australian Department of Defence worth about SEK 13 million and SEK 15 million. Delivery is planned to take place successively in 2016, starting in the second quarter.
- INVISIO received an order worth about SEK 20 million to equip French security forces during the Euro 2016 soccer championship. Delivery will be in the second quarter.
- At the close of the quarter the order book was SEK 137.0 million (42.9).

Strong first quarter performance

The year started with strong performance in both sales and profitability for INVISIO. In the first quarter sales reached SEK 79.5 million, a 39 per cent increase compared with the same period in the previous year. This, together with our scalable business model of outsourced production means that the operating profit grew by 65 per cent to SEK 23.5 million. The operating margin was 29.6 per cent.

The order book was SEK 137 million at the close of the quarter.

Deliveries started to United Kingdom and Australia

Our products and expertise will form an important part of the modernization programs of several leading defense forces in the next few years. Last autumn we won the contract for the THPS program in the United Kingdom and received a first follow-up order worth SEK 130 million. The deliveries of this order started according to plan during the quarter and are expected to be completed before the end of the year. The equipment is now ready to be used by the customer, after rapid project implementation by our local partner.

We will also gradually supply our systems to army units in Australia. The first order for the LAND 125 program was delivered during the quarter and at the same time we received two follow-up orders of SEK 13 million and SEK 15 million. Starting in the second quarter we will start to deliver these orders as well.

Orders from special forces in new countries

Through good knowledge of the industry and long-term commitments in the defense sector we have continued to create interest in our communication solutions during the quarter. Both military special forces and armies need more effective, durable and easily used solutions that contribute to increased flexibility and personal safety. The reasons are technical and operative as well as economic and health-related.

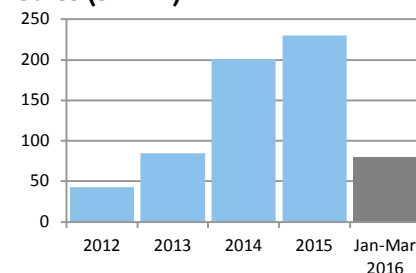
In March we received an order from French security forces worth about SEK 20 million. The equipment will be used during this summer's Euro 2016 soccer championship, which has had extensive media coverage. Apart from the benefits of protecting their hearing and being able to communicate with their team, wearers will be able to hear clearly where sound is coming from and what is going on around them.

During the quarter we have also received smaller orders from special forces in both defense and police services in a number of new countries in Europe, including the Benelux region. Our communication solutions are interesting for special forces, which, unlike armies and modernization programs, often have less extensive and thus shorter decision-making and purchasing processes.

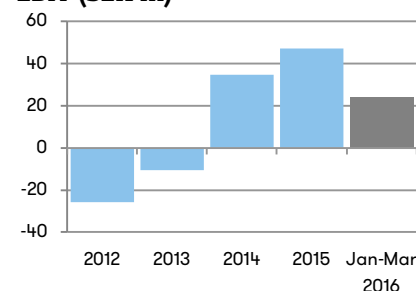
Initiatives for continued growth

Our focus in 2016 is on continued business expansion. At the end of 2015 we started a well-considered increase in innovation and development capacity through a number of new recruitments, an initiative that continued in the first quarter. The augmented resources in research and development are aimed at strengthening and

Sales (SEK m)



EBIT (SEK m)



” During the quarter we have also received smaller orders from special forces in both defense and police services in a number of new countries in Europe, including the Benelux region.”



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broadening the company's product portfolio and thus laying the foundation for further increases in sales to existing customer categories.

We have also started investing in both existing and new geographical markets, through intensifying our presence in selected countries in Asia, the Middle East and South America, where we assess that long-term business opportunities exist for our products.

Together, these investments create conditions for continued positive development for INVISIO.

Lars Højgård Hansen, CEO

The augmented resources in research and development are aimed at strengthening and broadening the company's product portfolio and thus laying the foundation for further increases in sales to existing customer categories.

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INVISIO in brief

INVISIO develops and sells cutting-edge personal communication and hearing protection systems that enable users to operate and communicate safely and clearly in all environments, even in tough conditions such as loud noise, heat or under water.

Innovative solutions

INVISIO's systems consist of advanced headsets and control units that interface to a wide range of other communication devices, for example two-way radio and intercom systems in vehicles. The ability to combine expertise in human hearing, acoustics, electronics and mechanics makes the company's products unique.

Military modernization drives growth

The company's customers are mainly found in the government sector but also in the commercial sector. For example, military special forces and armies need more effective, durable and easily used solutions that contribute to increased flexibility and personal safety. The motives are both technical/operative and economic and health-related.

Sales are primarily via a global network of partners and resellers but in some markets the company sells directly to end customers.

Many countries' defense forces are carrying out modernization programs, called Future Soldier Programs, where existing equipment is upgraded or replaced with more modern equipment. The programs that include radio and communication solutions requiring in-ear-headsets and hearing protection constitute important business opportunities for INVISIO.

In 2013-2015 INVISIO achieved a market leader position by winning long-term contracts in Denmark, the USA, the UK, Canada and Australia.

Uneven order flow and sales over the year

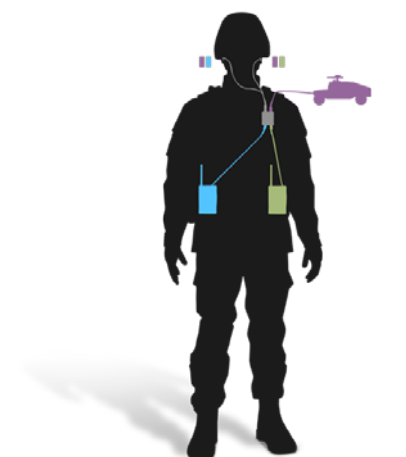
INVISIO's market is characterized by large procurements often with long lead times due to extensive processes with customer tests both in laboratories and among end users. This means that the order intake and sales for individual quarters may vary and have an effect on the full year figures.

Financial targets

Sales for 2015 were SEK 230 million. The sales target is to increase sales by an average of at least 20 per cent per year. The operating margin should not fall below 15 per cent.

To achieve the targets continued growth with good cost control is necessary. The company focuses on the following four areas: Increasing market share, geographical expansion, product development and cost control.

Additional information is available on the company's website at www.invisio.com.



Total income and results

First quarter 2016

Sales in the period January – March 2016 were SEK 79.5 million (57.2) equivalent to an increase of 39 per cent in comparison with the same period in 2015. After currency adjustment growth was 46 per cent. During the quarter deliveries started to the company's new customer in the United Kingdom.

The order book amounted to SEK 137.0 million (42.9) at the end of the quarter. INVISIO's market is characterized by large procurements, often with long lead times due to extensive processes with customer tests both in laboratories and among end users. This means that the order intake and sales for individual quarters may vary and have an effect on the full year figures.

Gross profit was SEK 42.2 million (32.3) and the gross margin was 53.1 per cent (56.4). Gross margin may vary between the quarters depending on the product mix and the share of direct sales to end-customers.

Operating expenses for the quarter were SEK 18.7 million (18.1). The number of employees increased during the quarter but total costs were in line with the previous year, as the listing process was then taking place, which reduced earnings by SEK 2.7 million.

During the quarter development costs of SEK 1.2 million (1.0) were capitalized. Operating expenses include depreciation of capitalized development costs of SEK 1.3 million (0.8). Operating profit thus amounted to SEK 23.5 million (14.2).

Net financial items for the quarter amounted to SEK -0.1 million (-0.3).

Profit before tax was SEK 23.4 million (13.9).

Profit for the period amounted to SEK 23.4 million (13.9).

Cash flow, investments and financial position

Investments

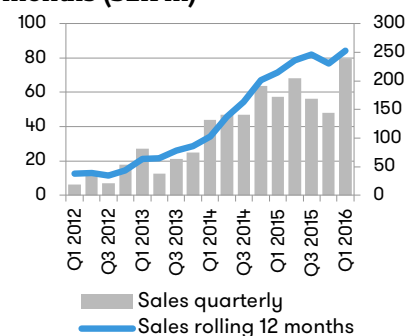
During the period January - March 2016 investments amounted to SEK 1.4 million (1.0), of which SEK 1.2 million (1.0) constituted capitalized development costs.

Cash flow and liquidity

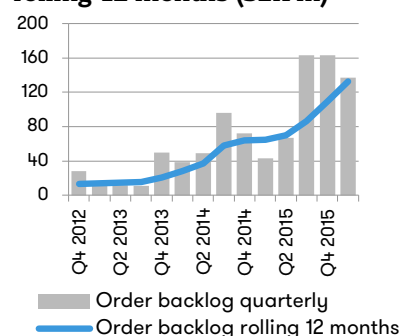
Cash flow from operating activities during the period January - March 2016 was SEK 15.2 million (14.3). Cash flow from investing activities amounted to SEK -1.4 million (-1.0). Cash flow from financing activities was SEK 0 million (-9.9). Cash flow during the period thus amounted to SEK 13.8 million (3.4).

At the end of the period, the Group's cash and cash equivalents amounted to SEK 43.4 million (31.1).

Sales per quarter and rolling 12 months (SEK m)



Order backlog per quarter and rolling 12 months (SEK m)



Shareholders' equity

The Group's equity at the close of the period was SEK 130.2 million (64.1), which implied an equity/assets ratio of 77 per cent (61).

Tax

Capitalized deferred tax assets in the balance sheet are SEK 29.7 million, attributable to the Danish subsidiary. Deferred tax assets are accounted for as tax loss carry-forwards to the extent it is probable that they can be applied used against future taxable profits. An individual assessment will be conducted for each subsidiary with regards to historic performance and possibilities to utilize loss carry-forwards. Danish legislation limits the yearly utilization of loss carry-forwards, which means that the Danish subsidiary may pay tax in 2016. Loss carry-forwards total SEK 259 million, of which SEK 134 million is capitalized. All loss carry-forwards have an unlimited life.

Parent company

Net sales for the parent company during the period January – March 2016 amounted to SEK 15 thousand (15). Operating profit was SEK -1.5 million (-4.2). Profit for the period amounted to SEK -1.5 million (-4.4).

At the end of the period, the parent company's cash and cash equivalents amounted to SEK 0.6 million (5.8). Equity amounted to SEK 81.3 million (62.2), which implied an equity/assets ratio of 96 per cent (70). The number of employees in the parent company was 1 (1).

Employees

The number of employees in the Group, restated as full time positions, was 44 (34) at the close of the period. Of the employees, 33 were men (27) and 11 women (7). During the quarter the organization was augmented with four new employees to utilize fully the company's potential.

Other information

Accounting policies

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 were prepared in accordance with RFR 2, Accounting for legal entities and the Annual Accounts Act. The accounting policies that are described in the 2015 Annual Report have been applied.

Material 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 is to 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 supplier-related circumstances), 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 39 and 53-54 in the Annual Report for 2015.

Review

This interim report has not been reviewed by the company's auditor.

Future financial information

Interim report January – June 2016	August 18, 2016
Interim Report January–September 2016	November 3, 2016
Year-end bulletin 2016	February 24, 2017

Interim reports and annual reports are available at www.invisio.com.

Stockholm, April 28, 2016

Lars Højgård Hansen
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Publication

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INVISIO is a Swedish company listed on Nasdaq Stockholm. The company's share is traded under the ticker name IVSO and has the ISIN code SE0001200015.

Consolidated Income Statement

SEK 000s	2016 Jan-Mar	2015 Jan-Mar	2015 Full year
Revenue	79 494	57 212	229 802
Cost of goods sold	-37 270	-24 941	-111 474
Gross Profit	42 224	32 271	118 328
Operating expenses*	-18 708	-18 051	-71 005
Operating profit/loss	23 516	14 220	47 323
Net financial items	-98	-327	-459
Profit/loss before tax	23 418	13 893	46 864
Income tax	-	-	10 224
Profit/loss for the period	23 418	13 893	57 088
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Translation differences	1 016	-2 276	-4 367
Comprehensive income for the period (Entirely attributable to equity holders of the parent)	24 434	11 617	52 721
*Depreciation incl. in operating expenses	-1 316	-828	-5 595

	2016 Jan-Mar	2015 Jan-Mar	2015 Full year
Per-share data			
Earnings per share, SEK	0,55	0,33	1,35
Earnings per share after dilution, SEK	0,53	0,32	1,30
Shareholders' equity per share, SEK	3,08	1,52	2,50
Shareholders' equity per share after dilution, SEK	3,08	1,52	2,41
Equity ratio	77%	61%	75%
Number of shares, thousand	42 240	42 240	42 240
Average number of shares, thousand	42 240	42 240	42 240
Average number of shares after dilution, thousand	44 138	43 573	43 920
Share price, SEK	59,50	13,90	75,75

Consolidated Balance Sheet

SEK 000s

Assets	2016-03-31	2015-03-31	2015-12-31
Intangible assets	16 987	18 647	16 853
Property, plant and equipment	792	136	600
Financial assets	765	760	755
Deferred tax assets	29 741	15 330	29 388
Inventories	18 627	18 484	19 937
Accounts receivable - trade	53 384	15 503	35 855
Other receivables	4 744	5 414	8 286
Cash and cash equivalents	43 352	31 124	29 367
Total assets	168 392	105 398	141 041
Shareholders' equity and liabilities	2016-03-31	2015-03-31	2015-12-31
Shareholders' equity	130 204	64 128	105 635
Liabilities to credit institutions	-	13 208	-
Accounts payable - trade	16 161	12 612	15 846
Other liabilities	22 027	15 450	19 560
Total shareholders' equity and liabilities	168 392	105 398	141 041
Changes in shareholders' equity	2016 Jan-Mar	2015 Jan-Mar	2015 Full year
Opening balance	105 635	52 375	52 375
Employee stock option program	135	136	539
Comprehensive income for the period	24 434	11 617	52 721
Closing balance	130 204	64 128	105 635

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Statement of cash flows – Group

SEK 000s

Cash flow	2016 Q1	2015 Q1	2015 Full year
Operating activities			
Profit/loss before tax	23 418	13 893	46 865
Adjustments for non-cash items	1 742	590	4 587
Cash flow from operating activities before changes in working capital	25 160	14 483	51 452
Cash flow from changes in working capital	-9 970	-217	-21 530
Cash flow from operating activities	15 190	14 266	29 922
Investing activities			
Capitalization of non-current assets	-1 176	-1 001	-4 109
Acquisition of property, plant and equipment	-257	-	-592
Cash flow from investing activities	-1 433	-1 001	-4 701
Financing activities			
Change in financial assets	-	-9 856	-23 077
Cash flow from financing activities	-	-9 856	-23 077
Cash flow for the period	13 757	3 409	2 144
Cash and cash equivalents at start of period	29 367	28 444	28 444
Translation differences in cash and cash equivalents	228	-729	-1 221
Cash and cash equivalents at end of period	43 352	31 124	29 367

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Parent Company Income Statement

SEK 000s	2016 Jan-Mar	2015 Jan-Mar	2015 Full year
Operating income	15	15	60
Operating expenses	-1 534	-4 244	-8 946
Operating loss	-1 519	-4 229	-8 886
Net financial items**	-2	-194	24 614
Profit/loss before tax	-1 521	-4 423	15 728
Income tax	-	-	-
Profit/loss for the period	-1 521	-4 423	15 728
**Of which, dividend from subsidiaries	-	-	25 000

Parent Company Balance Sheet

SEK 000s

Assets	2016-03-31	2015-03-31	2015-12-31
Financial assets/shares in subsidiaries	83 085	82 546	82 950
Receivables from Group companies	-	-	771
Other receivables	639	381	245
Cash and cash equivalents	638	5 759	453
Total assets	84 362	88 686	84 419

Shareholders' equity and liabilities	2016-03-31	2015-03-31	2015-12-31
Shareholders' equity	81 343	62 175	82 729
Liabilities to credit institutions	-	9 000	-
Accounts payable - trade	146	473	89
Liabilities to Group companies	1 395	13 204	111
Other liabilities	1 478	3 834	1 490
Total shareholders' equity and liabilities	84 362	88 686	84 419

Changes in shareholders' equity	2016-03-31	2015-03-31	2015-12-31
Opening balance	82 729	66 462	66 462
Employee stock option program	135	136	539
Profit/loss for the period**	-1 521	-4 423	15 728
Closing balance	81 343	62 175	82 729

**Of which, dividend from subsidiaries