

INTERIM REPORT

January-June 2015

INVISIO[®]
NO NOISE. ONLY YOUR VOICE.

High Growth during Quarter and Strong First Half Year

SEK m	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014
Total income	68.2	46.9	125.4	91.0
Gross profit	34.1	20.3	66.4	39.2
Gross margin (%)	50.1	43.2	53.0	43.1
EBITDA	18.4	6.1	33.4	14.0
Operating profit/loss	16.2	4.9	30.4	11.4
Profit/loss after tax	13.5	4.2	27.4	9.3
Profit/loss per share (SEK)	0.32	0.10	0.65	0.22

Important Events April – June

- Listed at Nasdaq Stockholm's Main list.
- Received two orders worth SEK 7.8 million from two NATO countries.
- Received order from a NATO country worth SEK 7.4 million.
- Received order worth SEK 9.3 million from US Army.
- Received order worth SEK 56.7 million from US military program TCAPS.
- Outgoing backlog amounted per June 30th to SEK 67.1 million.

Important Events after the period

- Canadian ISS-program awarded to Rheinmetall Canada in partnership with INVISIO.
- UK THPS contract is awarded to INVISIO through its partner Marlborough Communications and large order is expected.

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

HIGH GROWTH DURING QUARTER AND STRONG FIRST HALF YEAR

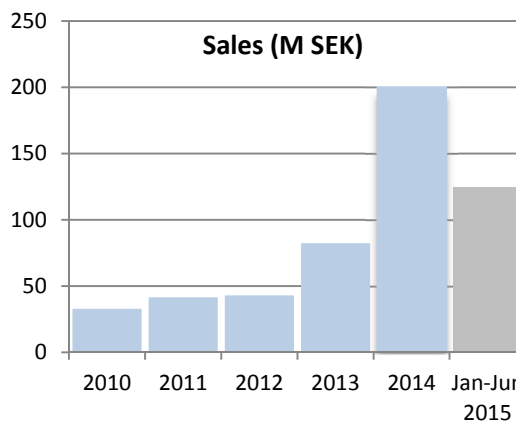
I am happy to report yet a quarter with high growth and a strong first half year for INVISIO. Revenue during the quarter was up by 45 percent to SEK 68.2 million SEK, from SEK 46.9 million SEK the same period previous year. Adjusted for currency effects the increase was 22 percent.

INVISIO's business model with outsourced manufacturing of our advanced systems, enables us to increase volumes without our cost increasing at the same rate. Our operating profit more than tripled during the quarter to SEK 16.2 million from SEK 4.9 million previous year.

During the first half year revenue increased by 38 percent to SEK 125.4 million, compared to SEK 91.0 million the previous year. Adjusted for currency effects, the increase was 16 percent. Operating profit increased to SEK 30.4 million from SEK 11.4 million the previous year, despite non-recurring costs of 3.2 million related to the listing on Nasdaq Stockholm's main list.

GOOD ORDER INTAKE FROM USA AND SEVERAL NATO COUNTRIES

During the second quarter we received an order worth SEK 56.7 million from the US military program TCAPS, and yet another order from US Army worth SEK 9.3 million. We believe that TCAPS is a long term investment in providing American soldiers with good hearing protection, that can be trusted even under tough conditions, and that preserves normal hearing during use. We expect more orders from this program, even though volumes or time tables has not been communicated.



During the quarter the order intake from several NATO countries has been good, both with follow up orders from existing customers and new customers. It is very positive that we can both broaden our customer base and see existing customers continuing to order.

CANADIAN ISS-PROGRAM AWARDED TO RHEINMETALL CANADA IN PARTNERSHIP WITH INVISIO

After the end of the period, Rheinmetall Canada has been awarded the Canadian program Integrated Soldier Systems (ISS). This includes INVISIO's communication and hearing protection equipment.

After an initial qualifications phase the first order of approximately 1 600 units is expected to be received and delivered in 2016. We estimate INVISIO's order value to SEK 20-25 million. There is an option for another 2 500 units in the program.

We are proud to equip the Canadian ISS program with a state-of-the art communications system based on the INVISIO V60 control unit and the INVISIO X5 headset. INVISIO will play a significant role providing efficient communications and certified hearing protection while enhancing the users' auditory situational awareness capabilities.

The ISS program is an example of military modernization programs that takes place in more than 40 countries. We believe these programs will over time be an important driver for INVISIO and for continued growth in sales and profitability.

INVISIO LISTED AT NASDAQ STOCKHOLMS MAIN LIST

During the second quarter, INVISIO was approved for listing at Nasdaq Stockholm's main list. First day of trading was May 29.

INVISIO is today an established and profitable growth company that is market leading in a growing, global niche for advanced hearing protection and communications equipment for users in very demanding environments.

The move to the main list enables for more institutional investors to take part in our continued development. During the quarter we have met a large interest in INVISIO from both Nordic and international investors.

I want to take the opportunity to thank our fantastic staff, the board and our main owners whose patience, courage and passion has been crucial for INVISIOS success and the listing at Nasdaq Stockholm.

Lars Højgård Hansen, CEO

Total Income and Results April – June 2015

Total income for the second quarter amounted to SEK 68.2 million (46.9), an increase of 45 percent. After currency adjustment growth was 22 percent.

Gross profit amounted to SEK 34.1 million (20.3) and gross margin to 50.1 percent (43.2). 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. Direct sales results in higher margins compared to sales via distributors. The gross margin during the quarter has, compared to previous years, been positively affected by product mix and currency effects. Compared to the gross margin during the first quarter (56.4), the gross margin during this quarter was slightly lower due to higher sales via distributors.

The order backlog amounted to SEK 67.1 million (48.7) by the end of the quarter.

Operating expenses for the second quarter amounted to SEK 18.0 million (15.4). This includes expenses of SEK 0.5 million in regards to the listing process. Excluding this non-recurring expense, operating expenses for the quarter amounted to SEK 17.5 million.

Research and development costs of SEK 1.0 million (1.5) has been activated during the quarter. Operating expenses include depreciation of capitalized development expenditures of SEK 2.2 million (1.3).

Operating profit for the second quarter amounted to SEK 16.2 million (4.9)

Net financial items for the second quarter amounted to SEK -0.1 million (-0.7).

Profit before tax for the second quarter amounted to SEK 16.0 million (4.2).

Results for the second quarter amounted to SEK 13.5 million (4.2).

Profit per share for the second quarter amounted to SEK 0.32 (0.10).

Total Income and Results January – June 2015

Total income during the first half of the year amounted to SEK 125.4 million (91.0), an increase by 38 percent. After currency adjustment growth was 16 percent.

Gross profit amounted to SEK 66.4 million (39.2) and gross margin to 53.0 percent (43.1).

Operating expenses during the first half of the year was SEK 36.0 million (27.8). This includes expenses of SEK 3.2 million in regards to the listing process. Excluding this non-recurring cost, operating expenses for the first half of the year amounted to SEK 32.8 million.

Research and development costs of SEK 2.0 million (2.4) has been activated during the period. Operating expenses include depreciation of capitalized development expenditures of SEK 3.0 million (2.6).

Operating profit for the first half of the year amounted to SEK 30.4 million (11.4).

Net financial items for the first half of the year amounted to SEK -0.4 million (-2.1).

Profit before tax for the first half of the year amounted to SEK 29.9 million (9.3).

Profit after tax for the first half of the year amounted to SEK 27.4 million (9.3).

Profit per share for the first half of the year amounted to SEK 0.65 (0.22).

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

CAPITAL EXPENDITURE

During January – June, capital expenditures amounted to SEK 2.0 million (2.6), of which SEK 2.0 million (2.6) was activated development costs.

CASH FLOW AND LIQUIDITY

Cash flow from the operating activities during January – June amounted to SEK 23.3 million (8.7). Cash flow from the investment activities amounted to SEK -2.0 million (-2.6). Cash flow from the financing activities amounted to SEK -15.3 million (-8.4) and consists of amortization of loans and reduced factoring. Cash flow during the period thus amounted to SEK 6.0 million (-2.2).

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 3.5 million was made. Factoring has been reduced by SEK 9.8 million during the period.

By the end of the period, the Group's liquid assets amounted to SEK 33.4 million (7.1).

FINANCING

The Company's total debt of SEK 7.7 million per June 30 regards to: factoring of SEK 1.2 million and loans of SEK 6.5 million.. The Company has unutilized overdraft facility with a limit of SEK 10 million.

EQUITY

The Group's equity by the end of the period amounted to SEK 77.1 million (14.5), which resulted in an equity ratio of 66 percent (24).

During 2014, deferred tax assets of SEK 15.3 million were recognized. 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 282 million per December 2014, of which SEK 66 million is activated.

Parent Company

Net income for the parent company during the period January – June amounted to SEK 30 thousand (30). Operating results amounted to SEK -6.2 million (-2.7). Expenses of SEK 3.2 million regarding the listing process are included in the results after taxes. The results after taxes for the period amounted to SEK -6.4 million (-3.2).

The liquid assets of the parent company by the end of the period January – June amounted to SEK 2.2 million. Shareholder's equity amounted to SEK 60.3 million (60.9), which resulted in equity ratio of 64 percent (74). 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 30th 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.

Today no guarantees exist anymore.

Further events and reporting dates

- Interim Report July – September 2015: November 4
- Interim Report October – December 2015: February 23, 2016

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

Auditing

This Interim Report has not been reviewed by the Company's auditor.

Stockholm August 13, 2015

Lars Højgård Hansen
CEO

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Consolidated Income Statement

SEK 000s	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Sales	68 153	46 908	125 365	91 022	201 635
Cost of goods sold	-34 007	-26 646	-58 948	-51 826	-110 362
Gross Profit	34 146	20 262	66 417	39 196	91 273
Operating expenses*	-17 978	-15 402	-36 029	-27 809	-56 622
Operating profit/loss	16 168	4 860	30 388	11 387	34 651
Net financial items	-122	-665	-449	-2 124	-2 930
Profit/loss before tax	16 046	4 195	29 939	9 263	31 721
Income tax	-2 530	-	-2 530	-	12 556
Profit/loss for the period	13 516	4 195	27 409	9 263	44 277
Other comprehensive income					
Translation differences	-705	973	-2 981	963	3 751
Comprehensive income for the period (Entirely attributable to equity holders of the parent)	12 811	5 168	24 428	10 226	48 028
*Depreciation incl. in operating expenses	-2 214	-1 290	-3 042	-2 604	-5 034

Per-share data	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Earnings per share, SEK	0,32	0,10	0,65	0,22	1,05
Earnings per share after dilution, SEK	0,31	0,10	0,63	0,22	1,02
Shareholders' equity per share, SEK	1,82	0,34	1,82	0,34	1,24
Shareholders' equity per share after dilution, SEK	1,76	0,34	1,76	0,34	1,20
Equity ratio	66%	24%	66%	24%	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	43 798	42 240	43 798	42 240	43 573
Share price, SEK	27,50	10,50	27,50	10,50	12,80

Consolidated Balance Sheet

SEK 000s

Assets	2015-06-30	2014-06-30	2014-12-31
Intangible assets	17 389	17 866	18 979
Property, plant and equipment	109	207	154
Financial assets	756	748	782
Deferred tax assets	15 234	-	15 759
Inventories	15 395	9 722	16 391
Accounts receivable - trade	29 089	18 148	18 845
Other receivables	5 240	6 494	6 339
Cash and cash equivalents	33 439	7 094	28 444
Total assets	116 651	60 279	105 693

Shareholders' equity and liabilities	2015-06-30	2014-06-30	2014-12-31
Shareholders' equity	77 073	14 452	52 375
Liabilities to credit institutions	7 747	25 347	23 280
Accounts payable - trade	16 917	14 244	14 949
Other liabilities	14 914	6 236	15 089
Total shareholders' equity and liabilities	116 651	60 279	105 693

Changes in shareholders' equity	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Opening balance	52 375	3 894	3 894
Employee stock option program	270	332	453
Comprehensive income for the period	24 428	10 226	48 028
Closing balance	77 073	14 452	52 375

Statement of cash flows – Group

SEK 000s

Cash flow	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Operating activities					
Profit/loss before tax	16 047	4 194	29 940	9 262	31 721
Adjustments for non-cash items	2 218	1 489	2 808	2 887	6 515
Cash flow from operating activities before changes in working capital	18 265	5 683	32 748	12 149	38 236
Cash flow from changes in working capital	-9 227	-411	-9 444	-3 402	-3 926
Cash flow from operating activities	9 038	5 272	23 304	8 747	34 310
Investing activities					
Capitalization of non-current assets	-1 030	-1 622	-2 031	-2 592	-5 259
Acquisition of property, plant and equipment	-	-	-	-	-153
Cash flow from investing activities	-1 030	-1 622	-2 031	-2 592	-5 412
Financing activities					
Change in financial assets	-5 443	-1 790	-15 299	-8 385	-10 887
Cash flow from financing activities	-5 443	-1 790	-15 299	-8 385	-10 887
Cash flow for the period	2 565	1 860	5 974	-2 230	18 011
Cash and cash equivalents at start of period	31 124	5 049	28 444	9 126	9 126
Translation differences in cash and cash equivalents	-250	185	-979	198	1 307
Cash and cash equivalents at end of period	33 439	7 094	33 439	7 094	28 444

Parent Company Income Statement

SEK 000s	Q2 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014	Full year 2014
Operating income	15	15	30	30	60
Operating expenses	-1 944	-1 525	-6 188	-2 683	-5 569
Operating loss	-1 929	-1 510	-6 158	-2 653	-5 509
Net financial items**	-65	-237	-259	-569	7 679
Profit/loss before tax	-1 994	-1 747	-6 417	-3 222	2 170
Income tax	-	-	-	-	-
Profit/loss for the period	-1 994	-1 747	-6 417	-3 222	2 170
**Of which, dividend from/ shareholder contribution to subsidiaries	-	-	-	-	9 000

Parent Company Balance Sheet

SEK 000s

Assets	2015-06-30	2014-06-30	2014-12-31
Financial assets/shares in subsidiaries	82 680	82 290	82 411
Receivables from Group companies	-	-	310
Other receivables	475	326	395
Cash and cash equivalents	2 191	-	1 069
Total assets	85 346	82 616	84 185
Shareholders' equity and liabilities	2015-06-30	2014-06-30	2014-12-31
Shareholders' equity	60 316	60 949	66 462
Liabilities to credit institutions	6 500	18 874	12 333
Accounts payable - trade	120	99	793
Liabilities to Group companies	17 664	948	3 014
Other liabilities	746	1 746	1 583
Total shareholders' equity and liabilities	85 346	82 616	84 185
Changes in shareholders' equity	2015-06-30	2014-06-30	2014-12-31
Opening balance	66 462	63 839	63 839
Employee stock option program	271	332	453
Profit/loss for the period**	-6 417	-3 222	2 170
Closing balance	60 316	60 949	66 462
**Of which, dividend from/ shareholder contribution to subsidiaries	-	-	9 000