



Interim Report 1 January – 30 September 2007

Nextlink AB (publ.)

Third quarter 2007

- Turnover amounted to SEK 5.1 (11.7) million
 - Gross profit amounted to SEK 2.0 (0.7) million
 - Gross margin amounted to 39.4% (5.6 %)
 - Result after tax amounted to SEK -15.8 (-11.8) million.
 - Earnings per share amounted to SEK -0.94 (-0.81) million.
 - Order backlog amounted to SEK 19.2 million
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- New order received for INVISIO Pro for military special forces
 - Agreement with PartnerTech AB for manufacturing of the professional products, INVISIO Pro
 - The Board appointed Lars Højgård Hansen as permanent CEO of Nextlink AB
 - The Board decided to set up a synthetic option programme for all employees in the company

January - September 2007

- Turnover amounted to SEK 13.5 (47.8) million
- Gross profit amounted to SEK 7.9 (17.3) million
- Gross margin amounted to 59.0% (36.2%)
- Result after tax was SEK -46.8 (-26.5) million
- Earnings per share were SEK -3.05 (-1.81)

Events after the end of the third quarter

- Nextlink received several breakthrough orders for the new consumer products INVISIO G5 and INVISIO B3
- Nextlink's rights issue of SEK 46.2 million was fully subscribed
- Niels-Henrik Valentin Knudsen was appointed as marketing director

About Nextlink AB

Nextlink AB is a public company listed on the First North (ticker code: NXTL) an alternative market on OMX Nordic Exchange Stockholm. Nextlink holds the patents for Bone Conductive Technology, which provides the best possible speech in all sound environments, and the Soft Spring, for optimal wearing comfort. Both patents are featured in the company's INVISIO® consumer and military communications headsets. Its professional products are used by police forces, fire fighters, military personnel, security units and Special Forces around the world.

Additional information is available on the company's web site at www.nextlink.se

Mangold Fondkommission AB (tel. +46-8-503 015 50) is Certified Adviser for Nextlink on First North.

CEO statement

During the third quarter, Nextlink took another huge stride forward in its progression from development company to marketing company. We completed and launched INVISIO G5 – the world's smallest wireless headset for use with mobile phones. The product was extremely well received and, after the end of the quarter, we received several significant orders from major European distributors and retail chains. These include The Carphone Warehouse which runs the largest chain of mobile phone and accessories stores in the UK as well as being one of the largest in Europe.

Completion on the development of INVISIO Q7, the world's first consumer headset based on our patented bone conduction microphone, continues to progress according to plan. We plan on launching the headset in the latter part of the fourth quarter and volume deliveries may be made from the first quarter of 2008. With this product we are convinced that we are offering something completely unique, a headset that can be used for communications in extremely noisy and windy environments. This is why we say

INVISIO
No noise. Only your voice

Nextlink has succeeded for a number of years in positioning itself as a quality supplier of professional products, principally to special military and civilian forces. During the second half of 2008, we expect to consolidate this position further when we launch the next generation of INVISIO Pro products.

During the first six months of 2008, our main priority will be with developing new distribution partnerships as well as those entered into in 2007, thereby increasing our sales significantly. We have enormous faith in the future of our professional products. For this reason we entered into an agreement during the third quarter with PartnerTech on the production of our professional headsets, which will lead to a much larger production capacity than before. This collaboration will ensure that we continue to supply products of an extremely high quality with improved delivery reliability and the necessary conditions for increased sales volumes.

Our faith in the future is also based on co-operation with various partners concerning products and distribution. Earlier in the year, we announced a letter of intent with MSA Sordin. We believe that we are likely to enter into several agreements during the latter part of 2007 and in 2008.

In addition to professional and consumer headsets, Nextlink also holds a patent for a portable terminal designed for wireless communication via the Internet. A strategy for the commercialization of this patent will be established before the end of the year.

After a year in which our main focus was on product development, we are now prepared with new, competitive and exciting products which will transform Nextlink radically in 2008. We foresee excellent opportunities for success in the market and for dramatically increased sales in 2008.

Lars Højgård Hansen
Chief Executive Officer

The third quarter

New order for INVISIO Pro

During the quarter, Nextlink received another large order for INVISIO Pro headsets and PTT systems (Push-to-Talk). The value of the order was SEK 1.6 million and the order was delivered during the quarter. The order was received from military Special Forces.

Nextlink has chosen PartnerTech for the production of INVISIO Pro headsets

Nextlink has signed an agreement with PartnerTech whereby PartnerTech will take over manufacturing of all Nextlink's INVISIO Pro headsets. All headsets will be manufactured at PartnerTech's production plant in Vellinge, Sweden.

Production at PartnerTech will commence on 1 November 2007. As a consequence of the agreement, Nextlink's workforce in Copenhagen was reduced by 4 employees during the quarter.

Product development progresses according to plan

Thanks to the successive increase in resources for Nextlink's product development over the past three quarters, the company was able to complete both INVISIO B3 and INVISIO G5. Final development of consumer product INVISIO Q7 is running according to plan with the launch expected to take place during the fourth quarter.

Development of Nextlink's new professional products is also running according to plan.

The Board has appointed Lars Højgård Hansen as CEO of Nextlink

The Board of Nextlink AB appointed Lars Højgård Hansen as permanent CEO of the company. Lars Højgård Hansen has been acting CEO from the first quarter of 2007 and joined Nextlink in April 2006.

The Board decided to set up a synthetic option programme

The Board made the decision to set up a synthetic option programme including the senior management and other employees in the USA, Sweden and Denmark.

The Board is convinced that the option programme, which will allow senior executives and other employees to share in the company's growth, will result in increased commitment and increased

motivation on the part of participants and tie these people more strongly to the Nextlink group.

The synthetic options are divided into two categories, one performance-based and one employment-related. The Board is convinced that this type of incentive programme will offer improved incentives to employees to focus on operational goals.

Comments on sales during the third quarter

Sales, gross profit and order levels

Turnover in the third quarter amounted to SEK 5.1 (11.7) million. This low turnover can be explained to a large extent by the fact that only INVISIO Pro products were sold.

Gross profit in the third quarter amounted to SEK 2.0 (0.7) million.

Consumer products

During the third quarter, 2,956 (53,104) units were sold. These units consisted of the new INVISIO B3.

The low sales of consumer products during the quarter can be explained by the product delays experienced in the past year.

The order backlog for consumer products amounted to SEK 17.4 million at the end of the period.

Professional products

During the third quarter 2,803 (1,641) units were sold.

In addition to the aforementioned order from military Special Forces, these have been sold to existing customers.

The order backlog for the professional products amounted to SEK 1.8 million at the end of the period. These will be delivered during the fourth quarter of 2007.

OEM/Licensing

During the third quarter, turnover for licensing amounted to SEK 0 (0) million.

Numerous discussions have been held concerning OEM as well as other industrial collaborations. Nextlink continues to believe that the ongoing negotiations will result in new contracts during 2007.

Comments on costs and earnings

Operating costs

Operating costs for the third quarter of 2007 amounted to SEK 11.2 (12.1) million and are in line with the two previous quarters of the year.

In 2007, Nextlink put significant resources into the completion of its new products for the consumer market and into starting up development work on the next generation products for the professional market.

During the first three quarters development costs amounted to SEK 12.7 million where of SEK 5.1 million was activated during the period.

During the two previous quarters development costs of SEK 7.6 million was expensed.

Earnings

Result after tax for the quarter amounted to SEK -10.6 (-11.8) million. The earnings per share amounted to SEK -0.63 (-0.81) per share.

Comments on investments, liquidity, shareholders' equity and financial position

Investments

During the first nine months of the year, Nextlink made investments totalling SEK 5.8 (0.9) million. These investments consisted mainly of test equipment, tools and software for the development of the new products INVISIO G5 and INVISIO Q7. To a certain extent, this figure also includes test equipment for INVISIO Pro in connection with the transfer of production to PartnerTech.

Liquidity

At the end of the period, Nextlink had SEK 1.1 (29.7) million in liquid assets.

Cash flow and financial position

The cash flow from current operations amounted to SEK -6.6 (-9.8) million in the third quarter.

Parent Company

Parent company turnover amounted to SEK 0.4 (0) million for the quarter with loss after tax amounting to SEK -5.8 (-10.5) million.

The equity ratio is 74 (76) per cent. At the end of the quarter, liquid assets amounted

to SEK 0.2 (0.1) million. The number of employees in the parent company totals 1 (2).

Events after the end of the third quarter

Nextlink received several breakthrough orders for new consumer products INVISIO G5 and INVISIO B3

The orders were received from several major European mobile phone distributors. They amount to SEK 13.2 million in total and will be delivered during the fourth quarter and in the first quarter of 2008.

Rights issue fully subscribed

The Board of Directors in Nextlink AB resolved to conduct a rights issue of approximately SEK 46.2 million with preferential rights for the shareholders.

The share issue was fully subscribed and brought the company SEK 46.2 million before issue expenses. None of the underwriters needed to realize its commitments.

The number of shares in Nextlink AB (publ) was increased by 2,803,397 shares to a total of 19,623,779 shares, each share with a quota value of SEK 1.00, and the share capital was increased by SEK 2,803,397 to a total of SEK 19,623,779.

Niels-Henrik Valentin Knudsen was appointed as marketing director

Niels-Henrik Valentin Knudsen has been appointed as marketing director with responsibility for Nextlink's product management and marketing.

Niels-Henrik's last position was with GN Netcom where he was responsible for Product Partnerships. Niels-Henrik has 20 years' experience in product management and marketing in managerial positions with GN Netcom/Jabra, Orange, D:E:R Thorn and Peter Justesen. Niels-Henrik is 40 years old and will be a member of the company's management team.

Dispute with former employees

After the end of the period, judgement was given concerning a dispute with three former employees. The company was ordered to pay a total of SEK 2.5 million. An appeal has been submitted to a higher court and no provisions have been made as the company believes that its chances of success in the case are good despite

the fact that the judgement in the first court was a setback for the company.

Outlook for the next quarter

Consumer products

Both INVISIO B3 and INVISIO G5 have undergone final development and a number of large orders have been received from several major European mobile phone distributors. Production is under way and will be ramped up in line with anticipated increased order intake.

The products have been extremely well received by customers and co-operation partners in many countries throughout Europe. Final negotiations are taking place in North America with several potential customers and there is also a great deal of interest among customers in parts of Asia and the Middle East.

Based on Nextlink's patented bone conduction microphone, the development of INVISIO Q7 is progressing according to plan and the launch is expected to take place in the latter part of the fourth quarter. Here, too, a great deal of interest has been shown by customers as this patented technology offers entirely new opportunities for communications in noisy and windy environments.

Professional products

In 2007, Nextlink focused attention on increasing sales of the INVISIO Pro products by adding new distributors and system integrators resulting in improved market penetration in Europe, North America and Asia. The strategy to sell through distributors and system integrators will continue to be implemented during the next quarter.

The transfer of production to PartnerTech will ensure that we continue to supply products of an extremely high quality, improved delivery reliability and the necessary conditions for the increased sales volumes that the company is planning for.

INVISIO Pro has held a strong position for many years, chiefly among military Special Forces and SWAT teams. Through the development of a completely new and highly-advanced product line, this position is set to become even stronger. At the same time, the new product line is creating suitable conditions for the cultivation of several new customer segments. The

launch of the new product line is scheduled for the second half of 2008.

OEM and Licensing

Several discussions have been held concerning OEM as well as other industrial collaborations. Nextlink continues to believe that the ongoing negotiations will result in new contracts during 2007.

Patent

A strategy for the commercialization of the VoIP patent will be established before the end of the year.

Other information

Accounting principles

The Group applies international reporting standards, IFRS, as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation 30, Supplementary accounting regulations. The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, which is in accordance with the requirements contained in the Swedish Financial Accounting Standards Council's recommendation 31, Interim reports for groups.

The report has not been audited by the company's auditors.

Publication of future reports

The Board has decided to publish the year-end report for 2007 on 14 February 2008.

Stockholm, 26 November 2007

*Board of Directors
Nextlink AB (publ)*

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Nextlink Group

KSEK

Income Statement	Jul- Sept 2007	Jul- Sept 2006	Jan-Sept 2007	Jan-Sept 2006	FY 2006
Revenue	5.135	11.690	13.467	47.788	57.517
Cost of goods sold	-3.113	-11.033	-5.525	-30.479	-34.293
Gross Profit	2.022	657	7.942	17.309	23.224
Operating expenses	-11.206	-12.064	-45.508	-42.446	-64.996
Depreciation	-371	-347	-2.238	-1.046	-1.957
Operating profit	-9.555	-11.754	-39.804	-26.183	-43.729
Financial income and expenses	-117	-75	-823	-280	-2.414
Profit before income tax	-9.672	-11.829	-40.627	-26.463	-46.143
Tax	-975	-	-975	-	-
Net profit	-10.647	-11.829	-41.602	-26.463	-46.143

Net profit for minorities	0	0	0		0
Net profit for shareholders in the parent company	-10.647	-11.829	-41.602	-14.634	-46.143

Share data	Jul- Sept 2007	Jul- Sept 2006	Jan-Sept 2007	Jan-Sept 2006	FY 2006
Earnings per share, SEK	-0,63	-0,81	-2,63	-1,81	-3,47
Earnings per share, fully diluted basis SEK	-0,63	-0,81	-2,63	-1,81	-3,47
Equity per share SEK	0,43	2,26	0,43	2,26	1,14
Equity per share, fully diluted basis SEK	3,77	2,72	3,77	2,72	1,61
Equity ratio, %	15%	53%	15%	53%	30%
Number of shares outstanding	16.820.382	14.610.453	16.820.382	14.610.453	14.663.453
Average number of shares outstanding	16.797.972	12.876.765	15.800.651	12.877.199	13.290.448
Numbers of shares outstanding, fully diluted basis	17.096.531	17.250.320	17.096.531	17.250.320	17.590.320
Share price SEK	18,40	23,00	18,40	23,00	21,40

Nextlink Group**Balance sheet**

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Assets	30-09-2007	30-09-2006	30-06-2007	31-12-2005	31-12-2006
Intangible assets	16.352	1.716	11.213	2.168	12.248
Tangible assets	5.706	2.093	5.101	2.245	3.654
Financial assets	4.492	325	4.365	216	889
Inventory	11.580	14.736	10.967	8.273	13.709
Trade receivables	8.205	9.310	7.324	7.964	8.271
Other receivables	1.821	2.232	3.194	3.175	3.761
Cash and bank	1.090	2.376	9.852	19.420	13.171
Total assets	49.246	32.788	52.016	43.461	55.703
Equity and liabilities					
Equity	7.246	32.964	16.488	33.280	16.688
Long term debt					
Trade payables	14.844	11.629	13.906	4.849	13.641
Other liabilities	5.949	789	3.969	884	7.640
Total equity and liabilities	49.246	62.639	52.016	43.460	55.703

Consolidated statement of changes in shareholders

equity	30-09-2007	30-09-2006	30-06-2007	2005	31-12-2006
Balance at the beginning of the period	16.688	33.280	16.688	14.688	33.280
Exchange rate adjustment of investments in subsidiary				609	
New share issues	31.454	27.660	31.138	-	29.281
Net profit for the period	-41.602	-26.463	-30.955	-10.963	-46.143
Balance at the end of the period	7.246	32.964	16.488	4.334	16.688

Nextlink Group

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Cash flow	Jul- Sept 2007	Jul- Sept 2006	Jan-Sept 2007	Jan-Sept 2006	2006
Result before taxes	-9.672	-11.829	-40.627	-26.463	-46.143
Adjustment for non-cash items	1.250	-2.121	2.520	-2.820	2.131
Taxes	-975	-	-975	-	-
Cash flow from operations before changes in working capital	-9.398	-13.950	-39.083	-29.283	-44.012
Changes in working capital	2.797	4.146	3.647	750	9.219
Cash flow from operations	-6.601	-9.804	-35.436	-28.533	-34.793
Capitalization of internal development costs	-5.139	-	-5.139	-	-11.149
Acquisitions in financial non-current assets	16	-	73	-	-631
Acquisitions in tangible non-current assets	-708	-372	-2.871	-861	-2.243
Cash flow from investment activities	-5.832	-372	-7.938	-861	-14.023
0	0	0	0	0	0
New share issues	315	27.660	31.453	27.660	29.281
Bank guarantee	-118	-	-3.634	-	-
New / repayment of loans	3.473	9.850	3.473	12.025	13.287
Cash flow from financing activities	3.670	37.510	31.292	39.685	42.568
0	0	0	0	0	0
Total cash flow	-8.762	27.334	-12.081	10.291	-6.248
Liquid funds at beginning of period	9.852	2.376	13.171	19.419	19.419
Liquid funds at end of period	1.090	29.710	1.090	29.710	13.171