

YEAR-END REPORT

January-December 2014

INVISIO[®]
NO NOISE. ONLY YOUR VOICE.

Invisio Continues to Show Strong and Profitable Growth

SEK m	Q4 2014	Q4 2013	Jan-dec 2014	Jan-dec 2013
Total Income	63,8	24,8	201,6	85,3
Gross Profit	32,1	9,3	91,3	37,0
Gross Margin (%)	50,3	37,4	45,3	43,5
EBITDA	18,3	-3,8	39,7	-5,3
Operating Profit/Loss	17,1	-4,5	34,7	-10,5
Profit/Loss after tax	14,9	-3,0	44,3	-10,5
Profit/Loss per share (SEK)	0,35	-0,08	1,05	-0,27

Important Events October – December

- Received an order from Australia worth SEK 4.3 million.
- Received three orders amounting to a total worth of SEK 5.3 million.
- Received an order from US customer worth SEK 14.2 million.
- Received a follow-up order from two NATO-countries worth SEK 5.3 million.
- Launched the next generation X5-headset
- Outgoing backlog amounted per December 31st to SEK 72.4 million.

Important Events after the Period

- Initiated the process towards a listing on Nasdaq Stockholm's main list. The listing is estimated to take place during the third quarter 2015.
- Received an order from the American military program TCAPS worth SEK 14.6 million.

About INVISIO Communications

INVISIO Communications AB is a public company listed on the NASDAQ OMX First North Premier Segment (ticker code: IVSO) an alternative market on NASDAQ OMX Stockholm. 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. Mangold Fondkommission AB is Certified Adviser for INVISIO Communications AB.

CEO's Comments

2014 is the best year yet for INVISIO. For the full year we can present total revenue of SEK 201.6 million and an operating profit of SEK 34.7 million. This equals an increase in revenue of SEK 116.3 million (136 percent) compared to 2013 and an increase in profit of SEK 45.2 million.

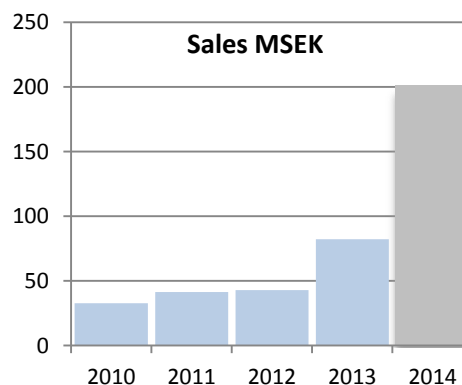
When I summarized the year of 2013 in my comments a year ago I did so with a feeling of optimism. At that time INVISIO could present greatly improved results and increasing revenue in comparison to 2012. At the time I had the courage to promise profit within reach. Today, when I'm summarizing the year of 2014, I can declare that we fulfilled that promise by a wide margin. We did not only show full year profit, but every quarter last year was profitable.

The gross margin increased, and the costs increases are aimed at further strengthening our R&D and sales capabilities.

Revenue during the fourth quarter was SEK 63.8 million in comparison to SEK 24.8 million during the corresponding period last year, which equals an increase of 157 percent. Outgoing backlog by the end of December amounted to SEK 72.4 million. Operating profit during the fourth quarter 2014 amounted to SEK 17.1 million, which equals an increase of SEK 21.6 million in comparison to the corresponding period last year.

Continued inflow of orders from the military

During the fourth quarter we have received several new military orders. Amongst several I can mention one order worth SEK 14.2 million from an American customer and a follow-up order from a NATO-country worth SEK 5.3 million. We have during 2014 received several larger orders from the American program TCAPS and in addition larger orders from multiple NATO-countries. Beyond the inflow of orders, these are highly important in our continued sales work towards similar programs. We appreciate that there are on-going military modernization programs in over 40 countries worldwide. Even though we continue to expect a large in-flow of orders, I still want to point out that the long decision-processes can result in varied in-flow of orders from quarter to quarter. Despite the variations between each quarter I feel confident that the military modernization programs will continue to be an important driver for INVISIO's development of sales and profit over time.



Continued technical advancement

Within a short period of time INVISIO has achieved a market leading position in our niche thanks to our world leading technique within advanced communication and hearing protection. The best way for us to retain and strengthen that position is of course continued technical advancement. That is why the launch of the next generation of our successful headset INVISIO X5 during the fourth quarter was of great importance. With X5 we have improved sustainability and comfort for the user further. These are qualities that are crucial for users to succeed in their missions.

Profitable growth

We can for the first time report profit for the entire year, which is a confirmation that the strategy change from 2008 where we decided to solely focus on professional users, is completed. Since 2008 we have increased sales every year and we are closing 2014 with strong profitable growth. The in-flow of orders is continuously strong and we have an increasing amount of outstanding tenders. Our collaborations with clients and partners are working well and we can time after time see that those who have previously purchased our solutions return with new orders. Our business model with outsourced production enables us to increase volume without affecting our costs at the same rate.

Large sums have been invested in INVISIO over the years. Therefore we have substantial tax deductions with no time limit. Due to the positive development we have during the third quarter 2014 recognized a smaller amount as deferred taxes. Please see section "Equity" for details.

The board intends to suggest to the AGM that no dividends for the financial year of 2014 are paid out. It is still important to consolidate our financial position to be prepared for larger deliveries and possible capital requirements connected to these.

Since July 2009, INVISIO is traded on Nasdaq Stockholm First North Premier Segment. Due to the positive development, the board of INVISIO has determined to initiate the process to list the Company's stocks on Nasdaq Stockholm's main market. A listing is expected during the third quarter 2015 at the latest.

Last year we could announce that we had profit within reach. Now we have achieved this important goal.

Lars Højgård Hansen, CEO

Total Income and Results October – December 2014

Total income for the fourth quarter increased with 157 percent compared to the corresponding period in 2013 and amounted to SEK 63.8 million (24.8).

Gross profit amounted to SEK 32.1 million (9.3) and gross margin to 50.3 percent (37.4). The gross margin may vary between the quarters depending on the product mix and the share of direct sales to end-customer with higher margins compared to the share of sales through distributors.

The order backlog amounted to SEK 72.4 million (50.0) by the end of the quarter.

Operating expenses for the fourth quarter amounted to SEK 15.0 million (13.8).

Research and development costs of SEK 1.1 million (1.2) has been activated during the quarter. Operating expenses includes depreciation of capitalized development expenditures of SEK 1.2 million (0.7).

Operating profit for the fourth quarter amounted to SEK 17.1 million (-4.5).

Net financial items for the fourth quarter amounted to SEK -0.9 million (-1.4).

Profit before tax for the fourth quarter amounted to SEK 16.2 million (-5.9).

Results for the fourth quarter amounted to SEK 14.9 million (-3.0).

The results include estimated tax costs of SEK -1.2 million (+2.9).

Profit per share for the fourth quarter amounted to SEK 0.35 (-0.08).

Total Income and Results January – December 2014

Total income for the period January – December increased with 136 percent compared to the corresponding period in 2013 and amounted to SEK 201.6 million (85.3).

Gross profit amounted to SEK 91.3 million (37.0) and gross margin to 45.3 percent (43.5).

The operating expenses for the period January – December amounted to SEK 56.6 million (47.5). The increase in expenses is mainly due to the increase in personnel. INVISIO has made three new recruitments and variable compensation correlating to the large in-flow of orders has been paid or reserved. Research and development costs amounting to SEK 5.2 million (5.2) has been activated. The operating expenses include depreciation of capitalized development expenditures of SEK 4.9 million (5.1).

Operating profit for the period January – December amounted to SEK 34.7 million (-10.5).

Net financial items for the period January – December amounted to SEK – 2.9 million (-2.9) of which currency fluctuations contributed to SEK -1.1 million (0.2).

Profit before taxes for the period January – December amounted to SEK 31.7 million (-13.4).

Results for the period amounted to SEK 44.3 million (-10,5).

The result for the period includes an activation of deferred taxes of SEK 15.0 million (0.0) and an estimated tax cost of SEK -2.4 (0.0) million.

Profit per share for the period January – December amounted to 1.05 SEK (-0.27).

Capital Expenditure, Cash Flow and Liquidity, Financing and Shareholder's Equity

CAPITAL EXPENDITURE

During the period January – December, capital expenditures amounted to SEK 5.3 million (5.2) of which SEK 5.2 million (5.2) was activated development costs.

CASH FLOW AND LIQUIDITY

Cash flow from the operating activities during January – December amounted to SEK 34.3 million (-7.3). Cash flow from the investment activities amounted to SEK -5.4 million (-5.2). Cash flow from the financing activities amounted to SEK -10.9 (17.3), of which new share issue were SEK 0 million (15.2) and raising/amortization of loans were SEK -10.9 million (2.0). Cash flow during the period amounted to SEK 18.0 million (4.8).

By the end of the period, the Group's liquid assets amounted to SEK 28.4 million (9.1).

FINANCING

The Company's management and Board concludes that INVISIO currently has a balanced financing.

The Company's total debt of SEK 23.3 million per December regards to; factoring of SEK 10.9 million, loans of SEK 12.3 million, and utilized overdraft facility of SEK 0 million (limit SEK 10 million).

EQUITY

The Group's equity amounted by the end of the period to SEK 52.4 million (3.9), which resulted in an equity ratio of 49.6 percent (6.7).

During the year deferred tax assets of SEK 15.0 million has been recognized. Deferred tax assets 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 amounting to an estimated SEK 2.5 million during the period of January – December 2014.

There is no time limit on deductible loss carryonwards (SEK 282 million per December 2014, of which SEK 66 million is activated).

DIVIDENDS

The board of directors is proposing to the AGM that no dividend is paid for the financial year 2014.

Parent Company

Net income for the parent company during the period January – December amounted to SEK 60 thousand (60). Operating results amounted to SEK -5.5 million (-5.8). The results after taxes amounted to SEK 2.2 million (-14.5), of which dividend from subsidiary amounted to SEK 9.0 million (0) and shareholder's contribution to subsidiary amounted to SEK 0 million (-7).

The liquid assets of the parent company by the end of the period January – December amounted to SEK 1.1 million (5.4). Overdraft facility SEK 10 million (0) was unutilized. The shareholder's equity amounted to SEK 66,5 million (63.8), which resulted in an equity ratio of 79,2 percent (68.6). The number of employees in the parent company amounted to 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 2013 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 2013.

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. Lage Jonason is entitled to 1.5 percent annual reimbursement concerning his guarantee. Yggdrasil AB provides guarantee for the Company's loans of SEK 10 million and overdraft facility (limit SEK 10 million) in exchange for an annual guarantee commission of 3.5 percent up to SEK 15 million.

Future Events and Reporting Dates

- Annual General Meeting 2015: 23 April
- Interim Report January – March 2015: 23 April
- Interim Report April – June 2015: 13 August
- Interim Report July – September 2015: 4 November

Stockholm 23 February 2015

Lars Højgård Hansen
CEO

For further information, please contact:

Lars Højgård Hansen, CEO
+ 45 5372 7722

Lars.HojgardHansen@invisiocommunications.com

Thomas Larsson, CFO
+45 5372 7735

Thomas.Larsson@invisiocommunications.com

INVISIO Communications AB (publ.)
Box 151
201 21 Malmö
Sverige
Organisationsnummer: 556651-0987

Financial Reports

Consolidated Income Statement

SEK 000s	Q4 2014	Q4 2013	Helår 2014	Helår 2013
Sales	63 765	24 790	201 635	85 254
Cost of goods sold	-31 691	-15 524	-110 362	-48 205
Gross Profit	32 074	9 266	91 273	37 049
Operating expenses*	-14 968	-13 763	-56 622	-47 529
Operating profit/loss	17 106	-4 497	34 651	-10 480
Net financial items	-936	-1 421	-2 930	-2 880
Profit/loss before tax	16 170	-5 918	31 721	-13 360
Income tax	-1 241	2 900	12 556	2 900
Profit/loss for the period	14 929	-3 018	44 277	-10 460
Other comprehensive income				
Translation differences	2 541	347	3 751	485
Comprehensive income for the period	17 470	-2 671	48 028	-9 975
(Entirely attributable to equity holders of the parent)				
*Depreciation incl. in operating expenses	-1 236	-694	-5 034	-5 218

Per-share data	Q4 2014	Q4 2013	Helår 2014	Helår 2013
Earnings per share, SEK	0,35	-0,08	1,05	-0,27
Earnings per share after dilution, SEK	0,34	-0,08	1,02	-0,27
Shareholders' equity per share, SEK	1,24	0,09	1,24	0,09
Shareholders' equity per share after dilution, SEK	1,20	0,09	1,20	0,09
Equity ratio	50%	7%	50%	7%
Number of shares, thousand	42 240	42 240	42 240	42 240
Average number of shares, thousand	42 240	40 081	42 240	38 850
Average number of shares after dilution, thousand	43 573	38 850	43 573	38 850
Share price, SEK	12,80	5,05	12,80	5,05

Consolidated Balance Sheet

SEK 000s

Assets	2014-12-31	2013-12-31
Intangible assets	18 979	17 489
Property, plant and equipment	154	83
Financial assets	747	692
Deferred tax assets	15 794	-
Inventories	16 391	10 098
Accounts receivable - trade	18 845	16 137
Other receivables	6 339	4 741
Cash and cash equivalents	28 444	9 126
Total assets	105 693	58 366
Shareholders' equity and liabilities	2014-12-31	2013-12-31
Shareholders' equity	52 375	3 895
Liabilities to credit institutions	23 280	33 548
Accounts payable - trade	14 949	12 439
Other liabilities	15 089	8 484
Total shareholders' equity and liabilities	105 693	58 366

Changes in shareholders' equity	Helår 2014	Helår 2013
Opening balance	3 894	-1 814
New issues	-	15 239
Employee stock option program	453	445
Comprehensive income for the period	48 028	-9 975
Closing balance	52 375	3 895

Statement of cash flows – Group

SEK 000s

Cash flow	Q4 2014	Q4 2013	Helår 2014	Helår 2013
Operating activities				
Profit/loss before tax	16 170	-5 918	31 721	-13 360
Adjustments for non-cash items	2 429	472	6 515	5 202
Taxes	-	2 900	-	2 900
Cash flow from operating activities before changes in working capital	18 599	-2 546	38 236	-5 258
Cash flow from changes in working capital	-5 648	4 118	-3 926	-2 079
Cash flow from operating activities	12 951	1 572	34 310	-7 337
Investing activities				
Capitalization of non-current assets	-1 092	-1 246	-5 259	-5 167
Acquisition of property, plant and equipment	-1	-1	-153	-14
Cash flow from investing activities	-1 093	-1 247	-5 412	-5 181
Financing activities				
New issues	-	15 239	-	15 239
Change in financial assets	-688	-6 706	-10 887	2 027
Cash flow from financing activities	-688	8 533	-10 887	17 266
Cash flow for the period	11 170	8 858	18 011	4 748
Cash and cash equivalents at start of period	16 292	116	9 126	4 240
Translation differences in cash and cash equivalents	982	152	1 307	138
Cash and cash equivalents at end of period	28 444	9 126	28 444	9 126

Parent Company Income Statement

<i>SEK 000s</i>	Q4 2014	Q4 2013	Helår 2014	Helår 2013
Operating income	15	15	60	60
Operating expenses	-1 592	-1 754	-5 569	-5 822
Operating loss	-1 577	-1 739	-5 509	-5 762
Net financial items**	8 661	-731	7 679	-8 775
Loss before tax	7 084	-2 470	2 170	-14 537
Income tax	-	-	-	-
Loss for the period	7 084	-2 470	2 170	-14 537
**Of which, dividend from/ shareholder contribution to subsidiaries	9 000	-	9 000	-7 000

Parent Company Balance Sheet

SEK 000s

Assets	2014-12-31	2013-12-31
Financial assets/shares in subsidiaries	82 411	81 957
Receivables from Group companies	-	5 475
Other receivables	395	252
Cash and cash equivalents	1 069	5 364
Total assets	83 875	93 048
Shareholders' equity and liabilities	2014-12-31	2013-12-31
Shareholders' equity	66 462	63 839
Liabilities to credit institutions	12 333	26 696
Accounts payable - trade	793	177
Liabilities to Group companies	2 704	391
Other liabilities	1 583	1 945
Total shareholders' equity and liabilities	83 875	93 048
Changes in shareholders' equity	2014-12-31	2013-12-31
Opening balance	63 839	62 690
New issues	-	15 241
Employee stock option program	453	445
Loss for the period**	2 170	-14 537
Closing balance	66 462	63 839
**Of which, dividend from/ shareholder contribution to subsidiaries	9 000	-7 000