

Interim report

January-June 2018

Growth and continued strategic initiatives

SEK in millions	2018	2017	Δ %	2018	2017	Δ %
	Q2	Q2		Jan-Jun	Jan-Jun	
Revenue	93.8	84.2	11	177.9	172.1	3
Gross profit	55.3	40.5	36	105.4	88.7	19
Gross margin, %	58.9	48.1		59.2	51.6	
EBITDA	13.9	15.4	-10	33.5	39.4	-15
Operating profit/loss	12.8	14.3	-10	31.3	37.0	-15
Operating margin, %	13.7	17.0		17.6	21.5	
Profit/loss for the period	9.9	11.6	-15	23.8	34.3	-31
Earnings per share, SEK	0.23	0.26	-15	0.54	0.79	-31

“In comparison with the second quarter of 2017 this year’s quarter is characterized by increased sales and an improved gross margin. We have a strong position in NATO and our long-term customer contracts answer for the quarter’s sound sales and very good order intake. The determined initiatives now taking place in product development and in the market are aimed at ensuring future expansion and in the short perspective will imply some strain on earnings.”

Lars Højgård Hansen, CEO

IMPORTANT EVENTS DURING THE QUARTER

- The American army’s specialist unit, the Security Force Assistance Brigades (SFAB) ordered equipment for a further SEK 20 million approximately.
- The product offer was broadened with a control unit for special forces, the INVISIO V10.
- The order book at the close of the quarter was SEK 147.0 million (148.1).

IMPORTANT EVENTS AFTER THE CLOSE OF THE QUARTER

- The Executive Group Management was expanded to include Joakim Birgersson as SVP Operations.

Growth and continued strategic initiatives

In comparison with the second quarter of 2017 this year's quarter is characterized by increased sales and an improved gross margin. We have a strong position in NATO and our long-term customer contracts answer for the quarter's sound sales and very good order intake. The determined initiatives now taking place in product development and in the market are aimed at ensuring future expansion and in the short perspective will imply some strain on earnings.

Sales in the second quarter increased by 11 per cent to SEK 93.8 million (84.2) with a sound gross margin. Our growth can largely be linked to sales within the framework of existing long-term contracts with defense forces in England, France, the USA, Canada and Australia. Sales in the first half year are on a level with the previous year.

The operating profit was SEK 12.8 million (14.3), corresponding to an operating margin of 13.7 per cent (17.0). Both operating profit and margin were impacted by expected increases in costs for our long-term strategic product and market initiatives. The initiatives are aimed at further strengthening our position as the leading supplier of communication solutions to defense forces and authorities responsible for security throughout the world.

In general our order book is evidence of the confidence important defense and security customers have had in us for many years. Within the above contracts we have received several orders during the quarter of around SEK 20–30 million, corresponding to a total net order intake of about SEK 115 million. The order book at the close of the quarter was SEK 147.0 million (148.1).

One strategically important order was for SEK 20 million from the American army's Security Force Assistance Brigades (SFAB). The order from SFAB was the third within a short period and serves as an important reference. SFAB is a new and high-priority army unit that aims to gradually equip its soldiers with the latest technology within each respective procurement area.

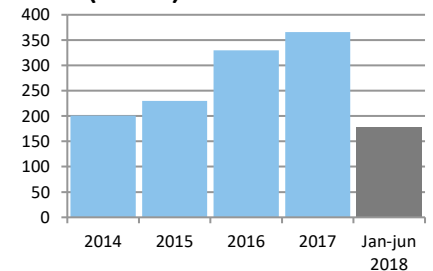
Technological advantage and strong position in the market

In our existing markets we are the leading supplier of solutions that help improve effectiveness and safety in the most exposed environments. In addition to the major NATO countries, our systems are used by defense customers in twenty or so countries, regularly confirming our technological advantage and strong position in the market.

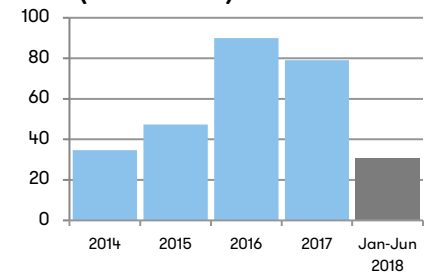
Our focus is on increasing our market share further, while addressing new geographical markets. During the quarter we have continued to carry out our plans and have had a positive response from many quarters, including the important trade exhibitions SOFIC in the USA and Eurosatory in Europe.

Market penetration is a long-term undertaking and as is well-known, lead times are long in our industry. We expect a good return over time.

Sales (SEK m)



EBIT (SEK million)



Continued sound gross margin and good order intake



Modernization creates business opportunities

As the proportion of radio users increases – our equipment assumes access to a personal communication radio – INVISIO's growth prospects will be considerable. Through our offer, we contribute to the ongoing modernization initiatives of the defense and security industry and are gradually raising industry requirements regarding performance, functionality and user experience. The potential is great, and to date we have only taken a small part, an estimated 8–10 per cent, of the potential target market of SEK 5 billion.

Great market potential for advanced communication and hearing protection solutions

The market is also driven by the growing awareness of authorities and employers of how hearing impairment can be prevented. Seen from a broader perspective, INVISIO's system contributes to lower direct and indirect costs for both individual and society, an important contribution to more sustainable societal development.

Innovation initiatives for the future

Continual innovation initiatives are a success factor for INVISIO and a central part of our growth strategy. By broadening the portfolio, we can accommodate more specific customer requirements and better assist with solutions for use in demanding environments.

Understanding the customer and innovative capacity form a stable foundation for our growth ambitions

During the quarter INVISIO launched a new control unit, the INVISIO V10, adapted to the needs of special forces in situations where the user is connected to one single communication radio. This product is designed to provide great flexibility, even when used under water.

In parallel with our successes in personal communication, development of a new intercom system continued according to plan during the quarter. The project is aimed at broadening our offer to include communication in vehicles. The new product category is a long-term opportunity with great potential for INVISIO. Before the close of 2018 we expect the first, individual pilot orders.

Lars Højgård Hansen, CEO

INVISIO in brief

INVISIO develops and sells advanced communication systems with hearing protection that enable professionals in noisy and mission critical environments to communicate and work effectively. The systems consist of headsets and control units that connect for example to an external group radio or a vehicle's intercom system.

The systems give operational advantages and increased safety for military and security personnel. They also contribute to reducing the costs of hearing loss for individuals and society.

Innovative product development

Product development in the Group is based on a good understanding of the users' and units' work environment and their specific needs. By combining different technologies and skills in acoustics, electronics, mechanics and software, INVISIO creates innovative and customized solutions that are better than traditional communication systems. Manufacturing is done mainly by contract manufacturers.

New product category for communication in vehicles

An intercom system for portable use or mounting in vehicles is currently being completed. The system has been developed for stand-alone use or together with INVISIO's existing communication systems and is intended to make communication simpler and more effective for users whose movements alternate between being inside and outside of vehicles. There is a more detailed description of the system in INVISIO's annual report for 2017.

Growing niche market

INVISIO's current customers are primarily in defense and police forces. At present more than 90 per cent of INVISIO's income is from military customers. Industry statistics show that globally there are about 50 million soldiers, of which about 20 million are deemed to be active. The largest number of soldiers are in countries in Asia, but their defense forces do not yet invest in advanced communication and hearing protection systems.²

Technologically mature countries with awareness of hearing protection issues, and whose soldiers have access to advanced radio communication in operations constitute INVISIO's primary target group. About two million potential users are serving in these countries' defense forces.³

The percentage of radio users is growing continually and is mainly driven by the increased operational capacity, safety and efficiency requirements of defense forces. In addition INVISIO drives growth by developing new, innovative solutions that gradually raise the industry's performance, functionality and user experience requirements.



INVISIO's solutions reduce harmful noise while amplifying weak sounds and retaining the user's ability to perceive sound direction.

Users retain situational awareness and can act according to what is going on around them.



Hearing loss is a common problem for employees of the armed forces. Soldiers that have spent time in war-torn areas are particularly affected.

Statistics show that the problems cost the American defense forces billions every year (USD).¹

¹Researchers evaluate true effects of hearing loss for soldiers, United States Army website, Dec 2015. | The 2016 Annual Benefits Report, US Department of Veteran Affairs, Veteran Benefits Administration.

² The Military Balance, the International Institute for Strategic Studies. 2017.

³ Countries Ranked by Military Strength (2017). Global Firepower. 2017. | The Global Information Technology Report 2015, World Economic Forum. | Democracy Index 2016, The Economist Intelligence Unit.

Current target market

Defense customers normally invest in INVISIO's systems when they modernize their communication equipment. The value of the global market for INVISIO's current products is estimated to be about SEK 20 billion. As a rule, our customers carry out procurements at four-year intervals, which means that the average annual target market for INVISIO's products is about SEK 5 billion. Consequently, there is great potential for continued growth in the target market.

The current target market does not include the coming product category for communication in vehicles. The new category broadens INVISIO's product offer to the defense and security industry and the company considers that it has the potential to make a material contribution to the company's future development. The company considers that the market for the new intercom system in the long term can be at least as great as the markets we have addressed to date with existing products.

Sales

Sales are primarily via a global network of partners and resellers, as well as from the headquarters in Copenhagen and our own sales offices in the USA, France and Italy. The business is normally conducted via procurements. The Group has long-term framework contracts with defense authorities in the USA, the UK, Canada, Australia and Denmark, among others.

Uneven order flow and sales over the year

INVISIO's market is characterized by large procurements at irregular intervals. Lead times are often long 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 and strategies

The company's sales are to increase on average by 20 per cent per year. The operating margin must be at least 15 per cent. To achieve the financial targets INVISIO uses the following strategies:

- Increase market share in existing markets in Europe, North America and Oceania.
- Geographical expansion to emerging markets with long-term potential, including Asia and parts of the Middle East and South America.
- Product development referring to both new and further developed products for current target groups.
- Cost effectiveness in the company and in manufacturing.



Hearing and communication equipment are important components of critical operations and have been subject to modernization for a number of years, mainly in the defense forces but also in police services.

Sales and profit

First half year 2018

Sales in the period January–June 2018 amounted to SEK 177.9 million (172.1), an increase of 3 per cent. In comparable currencies sales were unchanged.

Sales on international markets are mainly in USD, EUR and GBP. INVISIO hedges large orders to offset currency fluctuations in the short term.

At the close of the period the order book amounted to SEK 147.0 million (148.1). INVISIO's market is characterized by large procurements at irregular intervals. Lead times are often long 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 105.4 million (88.7) and the gross margin was 59.2 per cent (51.6).

Operating expenses for the first half year were 74.1 million (51.7). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy. Since last year the company has recruited thirteen new employees in R&D and Marketing/Sales.

During the period development costs of SEK 8.7 million (5.9) were capitalized. Operating expenses include depreciation of capitalized development costs of SEK 1.3 million (1.8).

Operating profit for the period was SEK 31.3 million (37.0) and the operating margin was 17.6 per cent (21.5).

Net financial income was SEK 0.2 million (-2.7).

Profit before tax amounted to SEK 31.5 million (34.3) and profit for the period was SEK 23.8 million (34.3). Earnings per share were SEK 0.54 (0.79).

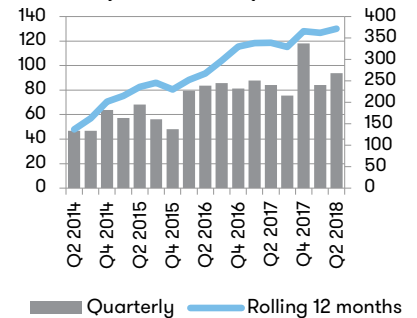
Second quarter 2018

Sales in the period April–June 2018 amounted to SEK 93.8 million (84.2), an increase of 11 per cent. In comparable currencies sales increased by 3 per cent.

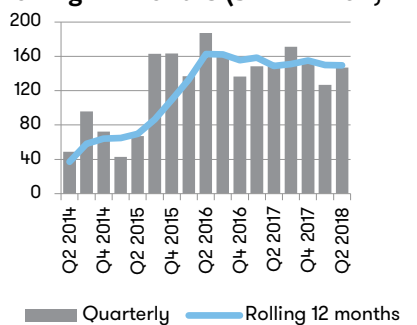
Gross profit was SEK 55.3 million (40.5) and the gross margin was 58.9 per cent (48.1). Gross margin may vary between the quarters depending on the product mix and the share of direct sales to end-customers.

Operating expenses for the quarter were SEK 42.4 million (26.2). The increase refers to a larger organization and increased activities in accordance with INVISIO's growth strategy. After a decision by the tax authorities to repay employer contributions, the costs were reduced for the corresponding period in 2017 by SEK 6 million.

Sales per quarter and rolling 12 months (SEK million)



Order book per quarter and rolling 12 months (SEK million)



During the quarter development costs of SEK 4.9 million (3.5) were capitalized. Operating expenses include depreciation of capitalized development costs of SEK 0.6 million (0.8).

Operating profit for the quarter was SEK 12.8 million (14.3) and the operating margin was 13.7 per cent (17.0).

Net financial income was SEK 0.6 million (-2.7).

Profit before tax amounted to SEK 13.4 million (11.6) and profit for the period was SEK 9.9 million (11.6). Earnings per share were SEK 0.23 (0.26).

Cash flow, investments and financial position

Cash flow and investments

The Group's cash flow for the period January - June 2018 was SEK 17.3 million (-5.7), of which cash flow from operating activities was SEK 53.1 million (20.0) and cash flow from investing activities was SEK -9.3 million (-7.4). Cash flow from financing activities was SEK -26.5 million (-18.3), of which SEK 26.5 million (21.7) was dividend paid.

During the period the Group's investments amounted to SEK 9.3 million (7.4), of which SEK 8.7 million (5.9) was capitalized development costs and SEK 0.5 million (1.5) was net investment in property, plant and equipment.

During the period the inventory value increased temporarily to SEK 70.9 (27.7) million. The inventory build-up was in order to safeguard future deliveries.

Cash and cash equivalents and financial position

The Group's cash and cash equivalents at the close of the period amounted to SEK 134.6 million (128.7). INVISIO has sound financial strength and the Group had no loans at the close of the period.

Group equity at the close of the period amounted to SEK 270.8 million (227.8), which gave an equity/assets ratio of 77 per cent (81).

Parent Company

Net sales for the parent company during the period January - June 2018 amounted to SEK 0.0 million (0.0). The operating result was SEK -4.3 million (-2.6). Profit for the period amounted to SEK -2.8 million (-2.6).

At the close of the period the parent company's cash and bank balances amounted to SEK 79.1 million (6.6). Equity amounted to SEK 153.8 million (91.4), which gave an equity/assets ratio of 94 per cent (98). The number of employees in the parent company was 1 (1).

Employees

The number of employees in the Group, restated as full time equivalents, was 81 (68) at the close of the period. Of the employees, 64 were men (54) and 17 women (14).

Other information

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. Risks can be divided into market, operational, and financial risks. For a more detailed description of these risks, please refer to pages 39–40 in INVISIO's annual report for 2017.

Financial key figures, alternative performance measures and other definitions

INVISIO's financial statements include both financial key figures that are specified in current financial reporting rules, alternative key figures ("APM") in accordance with ESMA's definition and other key figures related to the business. The APMs are regarded as relevant for an investor who wants to understand the company's results and financial position better. Definitions and reconciliation of the APMs that are not directly reconcilable with the financial statements can be found on the company's website: www.invisio.com/IR. Reconciliation is against the closest comparable IFRS financial measure.

Financial instruments

The fair value of the Group's financial assets and liabilities is estimated to be equal to the book value.

Review

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

Financial calendar

Interim report January-September 2018	October 26, 2018
Year-end report 2018	February 15, 2019

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

Stockholm, August 17, 2018

Lars Højgård Hansen
President/CEO

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Publication

This information is information that INVISIO Communications AB (publ) is obliged to disclose under the EU Market Abuse Regulation and the Securities Market Act. The information was released for public disclosure, through the agency of the President/CEO, on August 17, 2018, at 8.30 CET.

Address

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

Condensed consolidated income statement and consolidated statement of comprehensive income

SEK in millions	Note	2018 Q2	2017 Q2	2018 Jan-Jun	2017 Jan-Jun	2017 Full year
Revenue	2	93.8	84.2	177.9	172.1	365.7
Cost of goods sold		-38.5	-43.7	-72.5	-83.4	-163.4
Gross profit		55.3	40.5	105.4	88.7	202.3
Operating expenses*		-42.4	-26.2	-74.1	-51.7	-123.7
Operating profit/loss		12.8	14.3	31.3	37.0	78.6
Net financial items		0.6	-2.7	0.2	-2.7	-5.1
Profit/loss before tax		13.4	11.6	31.5	34.3	73.5
Income tax	3	-3.5	-	-7.7	-	-11.2
Profit/loss for the period		9.9	11.6	23.8	34.3	62.3
OTHER COMPREHENSIVE INCOME						
<i>Items that may subsequently be reclassified to profit and loss</i>						
Translation differences		6.0	2.6	13.5	2.2	6.3
Comprehensive income for the period		15.9	14.3	37.3	36.5	68.6
<i>(Profit/loss attributable to equity holders of the parent company.)</i>						
*Depreciation incl. in operating expenses		-1.1	-1.1	-2.1	-2.4	-4.4

	2018 Q2	2017 Q2	2018 Jan-Jun	2017 Jan-Jun	2017 Full year
Per-share data					
Earnings per share, SEK	0.23	0.26	0.54	0.79	1.42
Earnings per share after dilution, SEK	0.22	0.26	0.54	0.78	1.41
Shareholders' equity per share, SEK	6.14	5.16	6.14	5.16	5.89
Shareholders' equity per share after dilution, SEK	6.07	5.16	6.07	5.16	5.89
Equity ratio, %	77	81	77	81	76
Number of shares, thousand	44,098	44,098	44,098	44,098	44,098
Average number of outstanding shares, thousand	44,098	43,872	44,098	43,659	43,881
Average number of outstanding shares after dilution, thousand	44,302	44,098	44,201	44,098	44,098
Share price at year-end, SEK	61.60	85.00	61.60	85.00	79.25

Condensed consolidated statement of financial position

SEK in millions

Assets	Note	30/06/2018	30/06/2017	31/12/2017
Capitalized development costs		36.9	21.8	27.7
Equipment		4.3	4.2	4.5
Deposits for rent, long-term		1.8	1.5	1.5
Deferred tax assets	3	21.8	34.7	25.9
Inventories		70.9	27.7	36.3
Trade receivables		58.4	51.8	121.1
Other short-term receivables		24.2	12.4	12.1
Cash and cash equivalents		134.6	128.7	113.2
Total assets		352.9	282.8	342.2

Shareholders' equity and liabilities

Shareholders' equity		270.8	227.8	259.9
Trade payables		44.8	31.8	49.7
Other short-term liabilities		37.3	23.3	32.7
Total shareholders' equity and liabilities		352.9	282.8	342.2

Condensed consolidated statement of changes in equity	2018 Jan-Jun	2017 Jan-Jun	2017 Full year
Opening balance	259.9	209.5	209.5
New issue through exercising employee stock options	-	3.4	3.4
Employee stock option program	0.1	0.1	0.1
Dividend	-26.5	-21.7	-21.7
Comprehensive income for the period	37.3	36.5	68.6
Closing balance	270.8	227.8	259.9

Condensed consolidated statement of cash flow

SEK in millions	2018 Q2	2017 Q2	2018 Jan-Jun	2017 Jan-Jun	2017 Full year
Operating activities					
Profit/loss before tax	13.4	11.6	31.5	34.3	73.5
Adjustments for non-cash items	4.3	0.9	3.6	3.3	7.3
Income tax paid	-0.6	0.0	-4.5	-0.6	-2.7
Cash flow from operating activities before changes in working capital	17.1	12.5	30.5	36.9	78.1
Changes in inventories	-26.1	-8.1	-31.5	-1.5	-9.5
Changes in operating receivables	2.0	-25.6	59.5	-18.3	-86.4
Changes in operating liabilities	18.9	16.4	-5.4	2.9	28.7
<i>Cash flow from changes in working capital</i>	<i>-5.3</i>	<i>-17.3</i>	<i>22.6</i>	<i>-16.9</i>	<i>-67.2</i>
Cash flow from operating activities	11.9	-4.7	53.1	20.0	10.9
Investing activities					
Capitalization of development costs	-4.9	-3.5	-8.7	-5.9	-12.6
Acquisition of property, plant, and equipment	-0.5	-0.6	-0.5	-1.5	-2.4
Acquisition of financial assets	-0.1	0.0	-0.1	0.0	0.0
Cash flow from investing activities	-5.5	-4.1	-9.3	-7.4	-15.0
Financing activities					
New issues through exercising employee stock options	-	3.4	-	3.4	3.4
Dividend	-26.5	-21.7	-26.5	-21.7	-21.7
Cash flow from financing activities	-26.5	-18.3	-26.5	-18.3	-18.3
CASH FLOW FOR THE PERIOD	-20.1	-27.1	17.3	-5.7	-22.5
Cash and cash equivalents at start of period	155.6	154.4	113.2	133.2	133.2
Translation differences in cash and cash equivalents	-0.9	1.4	4.1	1.2	2.4
Cash and cash equivalents at end of period	134.6	128.7	134.6	128.7	113.2

Condensed parent company income statement

SEK in millions	2018 Q2	2017 Q2	2018 Jan-Jun	2017 Jan-Jun	2017 Full year
Revenue	0.0	0.0	0.0	0.0	0.1
Operating expenses	-2.7	-1.6	-4.4	-2.6	-5.4
Operating profit/loss	-2.7	-1.6	-4.3	-2.6	-5.4
Net financial items**	2.6	-0.1	1.6	-0.1	94.3
Profit/loss before tax	-0.1	-1.7	-2.8	-2.6	88.9
Income tax	-	-	-	-	-
Profit/loss for the period	-0.1	-1.7	-2.8	-2.6	88.9
**Of which, dividend from subsidiaries	-	-	-	-	95.0

Condensed parent company balance sheet

SEK in millions

Assets	30/06/2018	30/06/2017	31/12/2017
Participations in Group companies	83.5	83.3	83.4
Receivables from Group companies	-	2.8	75.3
Other short-term receivables	0.9	0.6	0.5
Cash	79.1	6.6	28.3
Total assets	163.6	93.3	187.6
Shareholders' equity and liabilities			
Restricted shareholders' equity	65.7	65.7	65.7
Non-restricted shareholders' equity	88.1	25.7	117.2
Trade payables	0.9	0.6	0.1
Liabilities to Group companies	7.3	0.1	2.8
Other short-term liabilities	1.6	1.2	1.8
Total shareholders' equity and liabilities	163.6	93.3	187.6
Parent company changes in shareholders' equity	2018 Jan-Jun	2017 Jan-Jun	2017 Full year
Opening balance	182.9	112.3	112.3
New issues through exercising employee stock options	-	3.4	3.4
Employee stock option program	0.1	0.1	0.1
Dividend	-26.5	-21.7	-21.7
Profit/loss for the period**	-2.8	-2.6	88.9
Closing balance	153.8	91.4	182.9
**Of which, dividend from subsidiaries	-	-	95.0

Notes

Note 1. Accounting policies and valuation principles

The interim report for the Group was prepared in accordance with IAS 34, the Swedish Financial Reporting Board's Recommendation RFR 1, Supplementary Accounting Rules for Groups, and the Annual Accounts Act. The parent company's accounts were prepared in accordance with RFR2, Accounting for Legal Entities and the Swedish Annual Accounts Act. The accounting policies applied are consistent with the policies described in INVISIO's annual report for 2017 with the exception of the new standards applied from January 1, 2018.

New standards

Two new standards came into force on January 1, 2018: IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers. Implementation of the new standards has not had any material impact on the Group's financial statements but has resulted in new disclosures.

IFRS 9 Financial Instruments

IFRS 9 Financial instruments replaces IAS 39 Financial instruments: Recognition and measurement. The new standard brings together all aspects of financial instrument recognition (with the exception of macro hedging); classification, measurement, impairment and hedge accounting. The categories of classification of financial assets in IAS 39 are replaced by three categories, in which measurement is at fair value or amortized cost. The impairment model which in IAS 39 was based on incurred losses, is based in IFRS 9 on expected losses, which requires more timely recognition of credit losses. Hedge accounting has been improved in IFRS 9 so that the effect of how a company manages financial instrument risks is more clearly reflected in the financial statements.

The Group applies IFRS 9 retroactively as of January 1, 2018 using the practical relaxation rules specified in the standard (prospective transition method) and as the Group deems applicable. The comparative figures for 2017 have not been restated.

The transition to IFRS 9 has not impacted the valuation of the Group's financial instruments. The new impairment model means that provision for credit losses mainly referring to trade receivables will be brought forward. Provision is made for all these receivables equivalent to the credit losses expected to arise during the remaining maturity and not just for the receivables that have given objective proof of impairment loss. Credit loss reserves have not been impacted as at January 1, 2018. The financial impact of the implementation of IFRS 9 was SEK 0.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers is a comprehensive principles-based standard for revenue recognition, regardless of the type of transaction or industry, which replaces all previously issued standards and interpretations that deal with revenue recognition.

In 2017 the Group carried out an analysis of the effects of IFRS 15 for material revenue streams. No revenue streams were identified where IFRS 15 has any effect on INVISIO's financial statements. The transition to IFRS 15 was made using a retrospective approach. Implementation has not entailed any transition effects on the opening balances as at January 1 2018, nor on the closing balance as at June 30, 2018, and therefore presentation of revised

comparative periods in the report is not applicable. Thus the financial impact is SEK 0.

New standards not yet applied

New standards that are compulsory for financial years starting later than January 1, 2018, are adopted by the EU and deemed relevant to the Group are set out below.

IFRS 16 Leases

In January 2016 the IASB published a new standard on leases that will replace IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities referring to all leasing agreements, with some exceptions, be recognized in the balance sheet. This accounting is based on the view that the lessee has the right to use an asset for a specific period of time and at the same time an obligation to pay for this right. The accounting for the lessor will be unchanged in all material respects. The standard was adopted by the EU in October 2017 and is applicable to financial years starting on or after January 1, 2019. Early application is permitted. Implementation will have a material impact on the Group's reporting of financial position due to the Group's office lease contracts. More information will be presented in future interim reports. For more details on current rental and leasing agreements, see Note 7 in INVISIO's annual report for 2017.

Note 2. Revenue by geographical area

SEK in millions	2018	2017	2018	2017	2017
	Q2	Q2	Jan-Jun	Jan-Jun	Helår
Sweden	3.1	1.2	4.0	1.9	5.7
Europe	57.2	38.7	91.5	68.1	120.4
North America	32.7	41.4	77.7	96.9	231.9
Rest of the world	0.8	2.8	4.8	5.2	7.8
Total	93.8	84.2	177.9	172.1	365.7

Note 3. Income tax

Deferred tax assets in the balance sheet, disclosed net, are SEK 21.8 million, of which SEK 29.3 million is attributable to tax loss carry forwards in the Danish subsidiary. Deferred tax assets referring to tax loss carry forwards are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. An individual assessment is made of each subsidiary with reference to historical performance and possibilities of utilizing the loss carry-forwards. Danish legislation limits the yearly utilization of loss carry-forwards, which means that the Danish subsidiary will pay tax in 2018. The Group's total loss carry-forwards as at June 30, 2018 were SEK 238.1 million, of which SEK 133.0 million are capitalized. The remaining unutilized loss carry-forwards amounted to SEK 105.1 million and refer to other companies and cannot be capitalized at present. All loss carry-forwards have an unlimited life.

Overview - eight past quarters

SEK in millions	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2
Revenue	85.6	81.3	87.9	84.2	75.5	118.1	84.2	93.8
Cost of goods sold	-40.5	-40.9	-39.7	-43.7	-33.1	-47.0	-34.0	-38.5
Gross profit	45.1	40.4	48.2	40.5	42.4	71.1	50.1	55.3
Operating expenses	-17.4	-23.5	-25.5	-26.2	-28.2	-43.8	-31.6	-42.4
Operating profit/loss	27.7	16.9	22.7	14.3	14.3	27.3	18.5	12.8
Net financial items	0.0	0.0	0.0	-2.7	0.0	-2.4	-0.5	0.6
Profit/loss before tax	27.7	16.9	22.7	11.6	14.3	24.9	18.0	13.4
Income tax	2.1	-0.6	-	-	-1.2	-10.0	-4.2	-3.5
Profit/loss for the period	29.9	16.3	22.7	11.6	13.1	15.0	13.8	9.9
Cash flow from operating activities	-1.9	46.9	24.7	-4.7	-22.8	13.7	41.2	11.9
Gross margin, %	52.7	49.7	54.9	48.1	56.2	60.2	59.6	58.9
Operating margin, %	32.4	20.8	25.8	17.0	18.9	23.1	22.0	13.7
Profit margin %	34.9	20.0	25.8	13.8	17.3	12.7	16.5	10.6
Equity ratio, %	79	80	86	81	82	76	82	77
Earnings per share, SEK*	0.70	0.38	0.52	0.26	0.30	0.34	0.31	0.23
Shareholders' equity per share, SEK*	4.47	4.82	5.33	5.16	5.41	5.89	6.38	6.14

* Before dilution