

Half-year report

January-June 2018



Second quarter

- > Net sales increased during the second quarter by 23 percent to SEK 2,601 M (2,119). Net sales increased by 25 percent in local currencies.
- > Operating profit amounted to SEK 429 M (209), which corresponds to an operating margin of 16.5 percent (9.9).
- > Net profit for the period amounted to SEK 331 M (149).
- > Earnings per share amounted to SEK 4.77 (2.14).

The first half of 2018

- > Net sales increased during the period by 12 percent to SEK 4,659 M (4,146). Net sales increased by 17 percent in local currencies.
- > Operating profit amounted to SEK 607 M (443), which corresponds to an operating margin of 13.0 percent (10.7).
- > Net profit for the period amounted to SEK 458 M (326).
- > Earnings per share amounted to SEK 6.59 (4.69).

President's comments

We can be pleased about the strong growth during the second quarter, where sales were the highest ever for a single quarter. This performance feels particularly positive when you consider the prevailing component shortage that is affecting our sector as well as other industries. Our growth is largely linked to strong demand and to the fact that several of our distributors are building up larger inventories from relatively low levels, in order to meet the fluctuations in demand.

According to recent statistics from the market research company IHS, Axis is continuing to capture market shares in a market, which is still under consolidation. Meanwhile, we are noticing slightly increasing uncertainty in the market in relation to the effects of global trade barriers and political turbulence. In the present situation, we do not expect any significant impact on our operations but we are monitoring the development closely.

The innovation rate was high during the quarter and we were able to unveil several new products and solutions. AXIS Audio Manager is one such example. This demonstrates the exciting developments within network audio – an area where we see great

opportunities. In addition, we can also mention new models of thermal cameras and advanced cameras for harsh environments and challenging lighting conditions.

The strong growth means that we need to expand our research and development operations further. In May, we announced that we opened an office in Linköping, Sweden, where software development will be in focus. We expect to have about 100 employees working there in a few years' time.

Finally, it is worth mentioning that we passed the level of 3,000 employees during the second quarter, which gives us the basis for a strong development going forward.



Ray Mauritsson
President

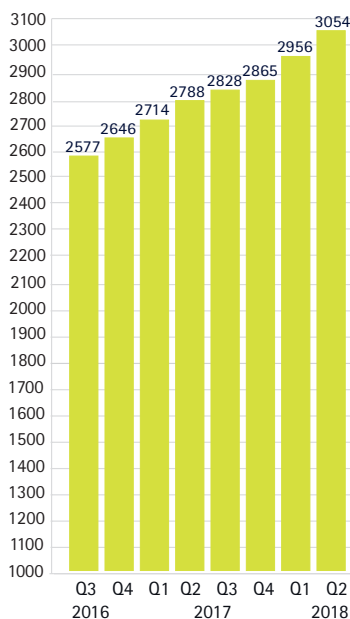
About Axis Communications

Axis enables a smarter and safer world by creating network solutions that provide insights for improving security and new ways of doing business. As the industry leader in network video, Axis offers products and services for video surveillance and analytics, access control, and audio systems. Axis has more than 3,000 dedicated employees in over 50 countries and collaborates with partners worldwide to deliver customer solutions. Founded in 1984, Axis is a Sweden-based company listed on the NASDAQ Stockholm under the ticker AXIS.





Number of employees



Events during the second quarter

Continued development and innovation

During the second quarter, two of the year's largest trade exhibitions were held – ISC West in Las Vegas and IFSEC in London. In connection with these events, Axis unveiled several new products and solutions. Some examples are AXIS M3057-PLVE and AXIS M3058-PLVE panoramic cameras providing 180°/360° coverage with features such as OptimizedIR, Forensic WDR and Lightfinder. The new AXIS Q6125-LE is mainly aimed at city surveillance applications, with features such as 30x optical zoom, OptimizedIR with a range of at least 200 m and 1080p image quality. Axis supplemented the advanced AXIS Q35 Series with two camera models designed for challenging lighting conditions in outdoor environments. With AXIS Audio Manager C7050 Server, Axis has developed a solution for management of large and more advanced audio systems. This makes it, for example, possible for users to manage audio for security solutions, public address and for enhanced customer experience.

Axis opens research and development office in Linköping

Axis' strong growth means that the company needs to look outside of Lund in order to be able to recruit the right competencies at the required rate. In May, Axis' office in Linköping opened with the aim of conducting research and development in the software area. In a few years' time, it is planned that about one hundred people should work at the new office. The choice of Linköping was largely due to the city's combination of a good university and a well-functioning business community, and the fact that the distance between Lund and Linköping is relatively short.

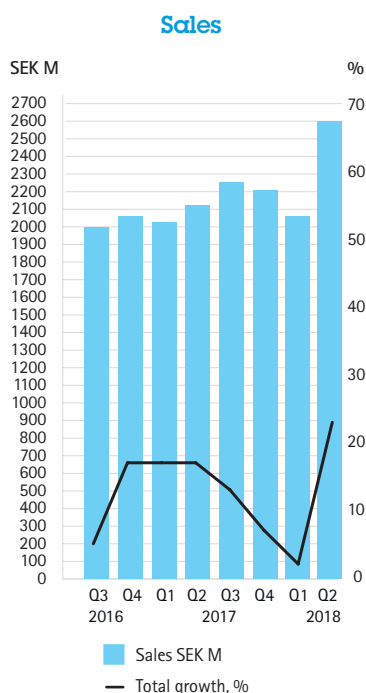
Axis wins awards

IFSEC Global *Top influencers in security & fire 2018* named Axis co-founder Martin Gren and Axis CTO Johan Paulsson as the most influential and second most influential persons, respectively, in the security manufacturers category. It was the second consecutive year that Martin Gren was ranked in first place. At *Z-Wave Spring Summit* in Amsterdam, Axis also received the *Smarty Award 2018* for AXIS M5065 Network Camera for its innovative combination of features.

Increase in personnel and management changes

Axis' growth during the second quarter was also reflected in the increase in the number of employees. During the quarter, Axis passed the level of 3,000 employees, of whom the majority work at the headquarters in Lund.

In May, Axis' VP for Global Sales, Bodil Sonesson, announced that she had decided to resign from her role in order to become the CEO of the lighting company Fagerhult. Later in the quarter, Axis' Chief Personnel Officer Malin Ruijsenaars, after a longer period of sick leave, announced that she would be leaving her position to take on new challenges. Axis has initiated processes in order to ensure a smooth transition.



Comments on the income statement and balance sheet

Net sales

The second quarter

Net sales for the second quarter amounted to SEK 2,601 (2,119), which was an increase of 23 percent. Sales increased by 25 percent in local currency. Foreign currency effects had a negative impact on sales of SEK 39 M.

Sales in the EMEA region amounted to SEK 831 M (696) during the second quarter, corresponding to growth of 20 percent. Growth was 14 percent in local currency.

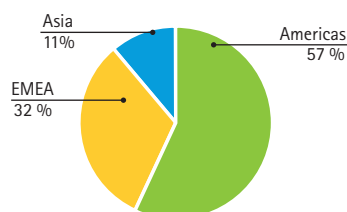
Sales in the Americas region amounted to SEK 1,480 M (1,180) during the second quarter, corresponding to growth of 25 percent. Growth increased by 31 percent in local currency.

Sales in the Asia region amounted to SEK 290 M (244) during the second quarter, corresponding to growth of 19 percent. Growth increased by 22 percent in local currency.

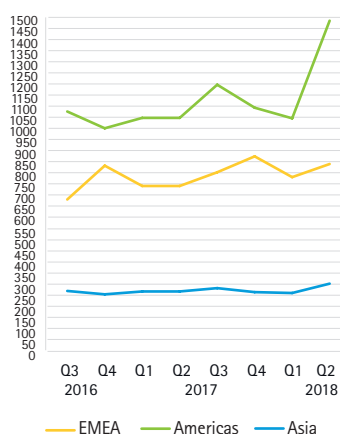
The first half of 2018

Net sales during the period January-June amounted to SEK 4,659 M (4,416), an increase of 12 percent in Swedish kronor and 17 percent in local currency. Foreign currency effects impacted sales negatively during the period by SEK 171 M.

Invoicing per region Q2 2018



Sales per region, SEK M



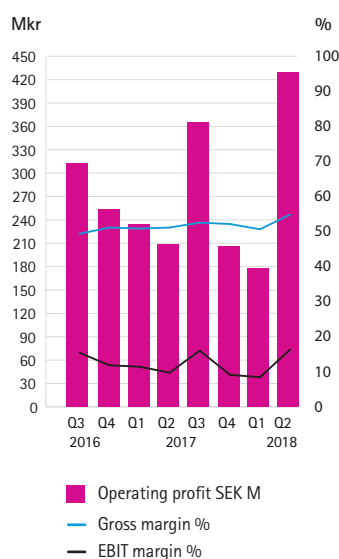
| Invoiced sales per product group (SEK M) | Q2 2018 | Q2 2017 | Q1-Q2 2018 | Q1-Q2 2017 | Full-year 2017 | Q317-Q218 12 months |
|--|---------|---------|------------|------------|----------------|---------------------|
| Video | 2,426.3 | 1,998.1 | 4,323.1 | 3,899.5 | 8,074.7 | 8,498.4 |
| Other | 174.9 | 120.7 | 336.2 | 246.1 | 527.9 | 618.0 |
| TOTAL | 2,601.2 | 2,118.8 | 4,659.3 | 4,145.5 | 8,602.6 | 9,116.4 |

| Invoiced sales per region (SEK M) | Q2 2018 | Q2 2017 | Q1-Q2 2018 | Q1-Q2 2017 | Full-year 2017 | Q317-Q218 12 months |
|-----------------------------------|---------|---------|------------|------------|----------------|---------------------|
| EMEA | 831.4 | 695.6 | 1,603.4 | 1,428.0 | 3,087.3 | 3,262.7 |
| Americas | 1,479.5 | 1,179.7 | 2,517.7 | 2,219.5 | 4,495.4 | 4,793.6 |
| Asia | 290.3 | 243.5 | 538.2 | 498.1 | 1,019.9 | 1,060.0 |
| TOTAL | 2,601.2 | 2,118.8 | 4,659.3 | 4,145.5 | 8,602.6 | 9,116.4 |

| Timing of revenue recognition (SEK M) | Q2 2018 | Q2 2017 | Q1-Q2 2018 | Q1-Q2 2017 | Full-year 2017 | Q317-Q218 12 months |
|--|---------|---------|------------|------------|----------------|---------------------|
| Goods transferred to customer at one point in time | 2,592.5 | 2,118.8 | 4,648.5 | 4,145.4 | 8,602.3 | 9,105.4 |
| Goods and services transferred to customer over time | 8.7 | 0.0 | 10.8 | 0.1 | 0.3 | 11.0 |
| TOTAL | 2,601.2 | 2,118.8 | 4,659.3 | 4,145.5 | 8,602.6 | 9,116.4 |



Operating profit



Earnings

The second quarter

Operating profit during the second quarter amounted to SEK 429 M (209), which corresponds to an operating margin of 16.5 percent (9.9). Gross margin remained at a stable level and amounted to 55.0 percent (51.3) during the quarter, which can be explained by, among other things, a favorable product mix and positive currency effects.

Profit before tax was SEK 429 M (209). Net profit for the period amounted to SEK 331 M (149). Changes in foreign exchange rates impacted operating profit positively by SEK 1 M, compared to the year-earlier period.

The first half of 2018

The group's operating profit during the first half of 2018 amounted to SEK 607 M (443), which is equivalent to an operating margin of 13.0 percent (10.7). Gross margin amounted to 53.1 percent (51.2). Profit before tax was SEK 606 M (442) and net profit for the period was SEK 458 M (326). Changes in foreign exchange rates impacted operating profit negatively by SEK 4 M, compared to the year-earlier period.

| Condensed income statement (SEK M) | Q2 2018 | Q2 2017 | Q1-Q2 2018 | Q1-Q2 2017 | Full-year 2017 | Q317-Q218 12 months |
|------------------------------------|---------|---------|------------|------------|----------------|---------------------|
| Net sales | 2,601.2 | 2,118.8 | 4,659.3 | 4,145.5 | 8,602.6 | 9,116.4 |
| Gross profit | 1,430.2 | 1,086.5 | 2,476.2 | 2,120.5 | 4,458.8 | 4,814.5 |
| Gross margin, % | 55.0 | 51.3 | 53.1 | 51.2 | 51.8 | 52.8 |
| Operating profit | 429.2 | 209.0 | 607.3 | 443.3 | 1,013.9 | 1,177.9 |
| Operating margin, % | 16.5 | 9.9 | 13.0 | 10.7 | 11.8 | 12.9 |
| Profit before tax | 429.2 | 208.5 | 606.2 | 442.3 | 1,011.0 | 1,174.9 |

Cash flow, investments and financial position

Cash flow from operating activities for the period January-June amounted to SEK 316 (573). Net investments totaled SEK 311 M (209), of which capitalized development costs amounted to SEK 43 M (52). Axis had SEK 1,442 M (1,158) in cash and cash equivalents at the end of the period, as well as unutilized credit facilities of SEK 0 M (50). Accordingly, the company had a total of SEK 1,442 M (1,208) at its disposal at June 30, 2018.

Equity

Consolidated equity amounted to SEK 3,453 M (2,641). The total number of shares at year-end was 69,461,250 (69,461,250). Axis has no outstanding stock option programs. The group's equity/assets ratio was 61.8 percent (61.9) at June 30, 2018.

Parent Company

The parent company's operations are primarily focused on company-wide administration. The parent company has no employees. During the period, sales amounted to SEK 74 M (63) and operating profit amounted to SEK 45 M (27). Cash and cash equivalents at the end of the period amounted to SEK 672 M (564) and borrowing was SEK 0 M (0). No investments have taken place during the period.



Outlook

The market activity and inflow of new projects means that Axis' view on the current market growth rate remains unchanged. An important factor for continued strong growth is increased penetration in installations for smaller systems and in emerging markets. In order to meet market demand and retain its position as the market-leading supplier of network video solutions, Axis will continue to develop and release a large number of innovative products, refine the partner network, recruit more employees and continue to expand globally.

Other

Risks and uncertainties

Axis' operations are subject to a further number of risks and uncertainties, which are described in the 2017 Annual Report. No new material risks have arisen during 2018.

Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting and valuation principles and judgement criteria applied in the 2017 Annual Report have also been used in preparing this interim report. No new or revised IFRS standards, which became effective in 2018, have had any material impact on the group. The parent company's financial statements have been prepared according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

From 1 January 2018, two new standards became effective that are applied by the group; IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. For IFRS 9, Axis has chosen to apply the simplified method, which means earlier recognition of credit losses. As the group has had very few credit losses, the effect of the new standard has been insignificant. With regard to IFRS 15, the group has chosen to use a prospective application approach. The standard has not had any effect on the consolidated income statement as no change has occurred of when revenue is recognized. However, IFRS 15 has resulted in expanded disclosure requirements, as stated in this report, where the time for revenue recognition is now also reported. For other disclosures, refer to the latest published Annual Report for 2017.

During 2018, Axis has also continued the work on evaluating the effect of the implementation of IFRS 16. The new standard will have an effect on the group's financial reporting, but the extent has not yet been evaluated.

Annual General Meeting

Axis' Annual General Meeting was held on April 18.

The Axis share

The company's share is listed on Nasdaq Stockholm in the Large Cap segment, under the ticker AXIS. Axis' share had a turnover of 65,302 shares during the period January-June 2018, which gave an average turnover of 549 shares per trading day, to a value of SEK 182,022. The average price of the share during the period was SEK 334.



Reporting dates

Axis will report on the following dates during the 2018 fiscal year:

Interim report, January-September: October 18

The half-year report provides a true and fair review of the condensed balance sheets and income statements and the explanatory notes provide a true and fair view of the company's financial position and results of operations and the other interim information provides a true and fair review of the company's results and position.

Lund, July 12, 2018

Ray Mauritsson
President

Biörn Riese
Chairman of the Board

Marianne Brismar

Martin Gren

Håkan Kirstein

Toshizo Tanaka

Eva Svensson
Employee representative

Malte Lennerstedt
Employee representative

Mats Friberg
Employee representative

Audit

The company's auditors have not performed any review of the report for the second quarter 2018.

Consolidated comprehensive income

| (SEK M) | Q2 2018 | Q2 2017 | Q1-Q2 2018 | Q1-Q2 2017 | Full-year 2017 | Q317-Q218 12 months |
|---|------------|------------|---------------|---------------|-------------------|------------------------|
| Net sales | 2,601.2 | 2,118.8 | 4,659.3 | 4,145.5 | 8,602.6 | 9,116.4 |
| Cost of goods and services sold | -1,171.0 | -1,032.3 | -2,183.1 | -2,025.0 | -4,143.8 | -4,301.9 |
| Gross profit | 1,430.2 | 1,086.5 | 2,476.2 | 2,120.5 | 4,458.8 | 4,814.5 |
| Other revenues and changes in value | 2.8 | -26.5 | 10.6 | -34.5 | -59.7 | -14.6 |
| Selling and marketing expenses | -449.8 | -384.3 | -843.1 | -746.6 | -1,547.1 | -1,643.6 |
| Administrative expenses | -106.2 | -92.1 | -205.8 | -175.1 | -351.7 | -382.4 |
| Research and development expenses | -447.8 | -374.6 | -830.6 | -721.0 | -1,486.4 | -1,596.0 |
| Operating profit* | 429.2 | 209.0 | 607.3 | 443.3 | 1,013.9 | 1,177.9 |
| Net financial items | 0.0 | -0.5 | -1.1 | -1.0 | -2.9 | -3.0 |
| Profit before tax | 429.2 | 208.5 | 606.2 | 442.3 | 1,011.0 | 1,174.9 |
| Taxes | -98.0 | -59.8 | -148.4 | -116.4 | -275.2 | -307.2 |
| Net profit for the period | 331.2 | 148.7 | 457.8 | 325.9 | 735.8 | 867.7 |
| Other comprehensive income | | | | | | |
| Items that later may be transferred to the income statement | | | | | | |
| Exchange differences | -18.6 | 25.0 | 19.3 | 26.6 | 51.3 | 44.0 |
| Other comprehensive income for the period, net after tax | -18.6 | 25.0 | 19.3 | 26.6 | 51.3 | 44.0 |
| Total comprehensive income for the period | 312.6 | 173.7 | 477.1 | 352.5 | 787.1 | 911.7 |
| Total comprehensive income attributable to: | | | | | | |
| Parent company's shareholders | 312.6 | 173.7 | 477.1 | 352.5 | 787.1 | 911.7 |
| Earnings per share for the period, SEK | 4.77 | 2.14 | 6.59 | 4.69 | 10.59 | 12.49 |
| Number of shares, average, thousands | 69,461 | 69,461 | 69,461 | 69,461 | 69,461 | 69,461 |

*Net effects of changes in exchange rates in underlying receivables and liabilities in foreign currencies have impacted operating profit negatively by SEK 2 M (negatively SEK 27 M) in the second quarter, and positively by SEK 6 M (negatively SEK 35 M) during the first half year.

Consolidated balance sheet, condensed

| (SEK M) | June 30, 2018 | June 30, 2017 | December 31, 2017 |
|---------------------------|---------------|---------------|-------------------|
| Non-current assets | 1,762.8 | 1,314.9 | 1,562.1 |
| Inventories | 1,052.7 | 893.8 | 803.3 |
| Trade receivables* | 892.2 | 686.5 | 780.7 |
| Other receivables | 304.1 | 210.3 | 239.2 |
| Short-term investments | 137.2 | 0.0 | 89.2 |
| Cash and cash equivalents | 1,442.0 | 1,158.2 | 1,537.5 |
| Total | 5,591.0 | 4,263.6 | 5,012.0 |
| Equity | 3,452.5 | 2,640.9 | 3,075.5 |
| Non-current liabilities | 351.1 | 382.2 | 357.7 |
| Trade payables | 722.3 | 530.0 | 633.2 |
| Other current liabilities | 1,065.0 | 710.5 | 945.6 |
| Total | 5,591.0 | 4,263.6 | 5,012.0 |

*This item includes receivables from contract manufacturers of SEK 13 M (SEK 4 M).

Equity

Consolidated equity, condensed

| (SEK M) | Share capital | Other contributed capital | Other reserves | Retained earnings | Total equity |
|---|---------------|---------------------------|----------------|-------------------|--------------|
| Opening balance at Jan 1, 2017 | 0.7 | 279.2 | 14.8 | 2,057.6 | 2,352.3 |
| Total comprehensive income for the period | - | - | 26.6 | 325.9 | 352.5 |
| Dividend | - | - | - | -63.9 | -63.9 |
| Closing balance at June 30, 2017 | 0.7 | 279.2 | 41.4 | 2,319.6 | 2,640.9 |
| Opening balance at Jan 1, 2018 | 0.7 | 279.2 | 66.1 | 2,729.5 | 3,075.5 |
| Total comprehensive income for the period | - | - | 19.3 | 457.8 | 477.1 |
| Dividend | - | - | - | -100.0 | -100.0 |
| Closing balance at June 30, 2018 | 0.7 | 279.2 | 85.4 | 3,087.2 | 3,452.5 |

Consolidated cash flow statement, condensed

| (SEK M) | Q2 2018 | Q2 2017 | Q1-Q2 2018 | Q1-Q2 2017 | Full-year 2017 | Q317-Q218 12 months |
|--|---------|---------|------------|------------|----------------|---------------------|
| Cash flow from operating activities before change in working capital | 392.2 | 214.6 | 489.7 | 454.1 | 983.7 | 1,019.4 |
| Change in working capital | -129.5 | 35.9 | -173.5 | 119.1 | 380.3 | 87.7 |
| Cash flow from operating activities | 262.7 | 250.5 | 316.2 | 573.2 | 1,364.0 | 1,107.0 |
| Cash flow from investing activities | -167.1 | -114.8 | -311.1 | -208.9 | -530.5 | -632.7 |
| Cash flow from financing activities | -100.4 | -64.2 | -100.7 | -64.5 | -154.3 | -190.5 |
| Cash flow for the period | -4.7 | 71.5 | -95.5 | 299.8 | 679.2 | 283.9 |
| Cash and cash equivalents at the beginning of the period | 1,446.7 | 1,086.7 | 1,537.5 | 858.3 | 858.3 | 1,158.2 |
| Cash and cash equivalents at the end of the period | 1,442.0 | 1,158.2 | 1,442.0 | 1,158.2 | 1,537.5 | 1,442.0 |

Key ratios (see note 1)

| | Q2 2018 | Q2 2017 | Q1-Q2 2018 | Q1-Q2 2017 | Full-year 2017 |
|--|---------|---------|------------|------------|----------------|
| Net sales growth (%) | 22.8 | 20.2 | 12.4 | 24.5 | 16.5 |
| Gross margin (%) | 55.0 | 51.3 | 53.1 | 51.2 | 51.8 |
| Operating margin (%) | 16.5 | 9.9 | 13.0 | 10.7 | 11.8 |
| Profit margin (%) | 16.5 | 9.8 | 13.0 | 10.7 | 11.8 |
| Depreciations/amortization (SEK M)* | 183.7 | 159.3 | 183.7 | 159.3 | 175.9 |
| Equity (SEK M) | 3,453 | 2,641 | 3,453 | 2,641 | 3,075 |
| Equity/assets ratio (%) | 61.8 | 61.9 | 61.8 | 61.9 | 61.4 |
| Total assets (SEK M)* | 5,591 | 4,264 | 5,591 | 4,264 | 5,012 |
| Interest-bearing liabilities (SEK M) | 2 | 3 | 2 | 3 | 2 |
| Net receivables, (SEK M) | 1,440 | 1,156 | 1,440 | 1,156 | 1,535 |
| Capital employed | 3,454 | 2,643 | 3,454 | 2,643 | 3,078 |
| Return on capital employed (%)* | 36.2 | 40.4 | 36.2 | 40.4 | 37.4 |
| Return on equity (%)* | 28.1 | 31.5 | 28.1 | 31.5 | 29.1 |
| Number of employees (average for the period) | 3,016 | 2,764 | 2,971 | 2,728 | 2,783 |
| Sales per employee (SEK M)* | 3.0 | 3.0 | 3.1 | 3.0 | 3.1 |
| Operating profit per employee (SEK M)* | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |

* Key ratios have been recalculated to rolling 12-month values where appropriate.

Per-share data

| | June 30, 2018 | June 30, 2017 | Dec 31, 2017 |
|--|---------------|---------------|--------------|
| Share price at end of period (SEK) | 328.00 | 340.40 | 339.90 |
| Dividend (SEK) | 1.44 | 0.92 | 0.92 |
| P/E ratio* | 26 | 32 | 32 |
| Earnings per share (SEK) | 6.59 | 4.69 | 10.59 |
| Number of shares (thousands) | 69,461 | 69,461 | 69,461 |
| Number of outstanding shares (thousands) | 69,461 | 69,461 | 69,461 |

*The P/E ratio has been recalculated to rolling 12-month values.

Quarterly data

| Invoiced sales per product group (SEK M) | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | Q1 2018 | Q2 2018 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Video | 1,885.5 | 1,738.8 | 1,546.9 | 1,714.9 | 1,864.1 | 1,941.8 | 1,901.4 | 1,998.1 | 2,116.5 | 2,058.7 | 1,896.8 | 2,426.3 |
| Other | 20.2 | 19.6 | 20.1 | 47.8 | 133.1 | 117.0 | 125.3 | 120.7 | 136.6 | 145.3 | 161.3 | 174.9 |
| TOTAL | 1,905.7 | 1,758.4 | 1,567.0 | 1,762.7 | 1,997.2 | 2,058.8 | 2,026.7 | 2,118.8 | 2,253.1 | 2,204.0 | 2,058.1 | 2,601.2 |
| Invoiced sales per region (SEK M) | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | Q1 2018 | Q2 2018 |
| EMEA | 602.2 | 739.5 | 585.7 | 565.2 | 671.0 | 823.8 | 732.4 | 695.6 | 793.6 | 865.8 | 772.0 | 831.4 |
| Americas | 1,084.8 | 832.0 | 810.0 | 984.1 | 1,068.9 | 992.7 | 1,039.7 | 1,179.7 | 1,189.7 | 1,086.2 | 1,038.2 | 1,479.5 |
| Asia | 218.7 | 186.9 | 171.3 | 213.4 | 257.3 | 242.3 | 254.6 | 243.5 | 269.8 | 252.0 | 247.9 | 290.3 |
| TOTAL | 1,905.7 | 1,758.4 | 1,567.0 | 1,762.7 | 1,997.2 | 2,058.8 | 2,026.7 | 2,118.8 | 2,253.1 | 2,204.0 | 2,058.1 | 2,601.2 |
| Timing of revenue recognition (SEK M) | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | Q1 2018 | Q2 2018 |
| Goods transferred to customer at one point in time | 1,905.7 | 1,758.4 | 1,567.0 | 1,762.7 | 1,997.2 | 2,058.8 | 2,026.6 | 2,118.8 | 2,253.0 | 2,203.9 | 2,056.0 | 2,592.5 |
| Goods and services transferred to customer over time | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 2.1 | 8.7 |
| TOTAL | 1,905.7 | 1,758.4 | 1,567.0 | 1,762.7 | 1,997.2 | 2,058.8 | 2,026.7 | 2,118.8 | 2,253.1 | 2,204.0 | 2,058.1 | 2,601.2 |
| Net sales growth (%) | 30.3 | 16.9 | 15.7 | 9.1 | 4.8 | 17.1 | 15.0 | 20.2 | 12.8 | 7.1 | 1.5 | 22.8 |
| Gross profit (SEK M) | 973.6 | 867.1 | 785.5 | 876.0 | 989.4 | 1,055.9 | 1,034.0 | 1,086.5 | 1,186.3 | 1,152.0 | 1,045.9 | 1,430.2 |
| Gross margin (%) | 51.1 | 49.3 | 50.1 | 49.7 | 49.5 | 51.3 | 51.0 | 51.3 | 52.7 | 52.3 | 50.8 | 55.0 |
| Operating profit (SEK M) | 388.7 | 231.2 | 153.1 | 166.8 | 312.2 | 252.9 | 234.3 | 209.0 | 364.7 | 205.9 | 178.0 | 429.2 |
| Operating margin (%) | 20.4 | 13.1 | 9.8 | 9.5 | 15.6 | 12.3 | 11.6 | 9.9 | 16.2 | 9.3 | 8.6 | 16.5 |

Parent company income statement

| (SEK M) | Q1-Q2 2018 | Q1-Q2 2017 | Full-year 2017 |
|-----------------------------------|---------------|---------------|-------------------|
| Net sales | 74.3 | 62.6 | 131.3 |
| Gross profit | 74.3 | 62.6 | 131.3 |
| Administrative expenses | -29.4 | -35.6 | -68.6 |
| Operating profit | 44.9 | 27.0 | 62.7 |
| Financial income | 3.2 | 23.2 | 31.8 |
| Financial expenses | -35.3 | -2.0 | -5.5 |
| Profit/loss after financial items | 12.8 | 48.2 | 89.0 |
| Appropriations | - | - | 904.5 |
| Tax | -2.8 | -10.6 | -219.3 |
| Net profit for the period | 10.0 | 37.6 | 774.2 |

Parent company balance sheet, condensed

| (SEK M) | June 30, 2018 | June 30, 2017 | Dec 31, 2017 |
|---|----------------|----------------|----------------|
| Non-current assets | 73.5 | 70.1 | 119.4 |
| Receivables from group companies | 1,723.3 | 1,557.0 | 1,695.5 |
| Trade receivables and other receivables | 4.2 | 2.0 | 2.4 |
| Short-term investments | 138.2 | 0.0 | 89.3 |
| Tax assets | 80.5 | 51.3 | 0.0 |
| Cash and cash equivalents | 671.6 | 563.8 | 959.3 |
| Total | 2,691.3 | 2,244.2 | 2,865.9 |
| Equity | 1,897.7 | 1,251.2 | 1,987.7 |
| Untaxed reserves | 777.9 | 976.0 | 777.9 |
| Liabilities to group companies | 3.2 | 2.2 | 3.3 |
| Current liabilities | 12.5 | 14.8 | 97.0 |
| Total | 2,691.3 | 2,244.2 | 2,865.9 |

NOTE 1 Key ratios

1.1 Definitions

Return on equity

Profit after financial items less full tax divided by average equity.

Return on capital employed

Profit after financial items plus financial expenses divided by average capital employed.

Gross margin

Gross profit as a percentage of net sales.

Net receivables

Net interest-bearing receivables and liabilities.

Sales per employee

Net sales divided by the average number of employees.

P/E ratio

Share price divided by earnings per share.

Earnings per share

Net profit for the year divided by the average number of shares.

Operating margin

Operating profit as a percentage of net sales.

Operating profit per employee

Operating profit divided by the average number of employees.

Equity/assets ratio

Equity as a percentage of total assets.

Capital employed

Total assets less non interest-bearing liabilities including deferred tax liability.

Profit margin

Profit before tax as a percentage of net sales.

1.2 Aim

Return on equity

The key ratio shows the operation's return on the equity contributed by the shareholders and is thus a measurement of how profitable the group is. Investors can compare this metric with current bank interest or returns from alternative investments. The metric can also be used to compare profitability between companies in the same industry.

Return on capital employed

The key ratio shows the operation's return on the equity that the shareholders and lenders have made available. The metric thus shows the group's return, independent of financing choice, and can be used in connection with investment evaluations.

Net receivables

The key ratio is useful for users of financial statements as a complement to evaluate the possibility of dividends and strategic investments and also to evaluate the group's potential to meet its financial obligations.

Sales per employee

The key ratio shows users of financial statements how effectively the company's employees contribute to sales.

P/E ratio

The P/E ratio gives an indication of how long it will take before investors get back their money, provided that profits remain unchanged.

Operating profit per employee

The key ratio is used to show how each employee contributes to the group's operating profit.

Equity/assets ratio

The key ratio shows how large a proportion of the assets are financed with equity. The metric can be of interest when evaluating the group's solvency in the longer term.

1.3 Reconciliation with financial statements according to IFRS

| | Q2 2018 | Q2 2017 | Q1-Q2 2018 | Q1-Q2 2017 | Full-year 2017 |
|--|------------|------------|---------------|---------------|-------------------|
| Return on equity | | | | | |
| Profit after financial items R12 | 1,175 | 1,007 | 1,175 | 1,007 | 1,011 |
| Full tax | -258 | -222 | -258 | -222 | -222 |
| Profit after financial items R12 less full tax | 916 | 786 | 916 | 786 | 789 |
| Average equity | 3,264 | 2,497 | 3,264 | 2,497 | 2,714 |
| | 28.1% | 31.5% | 28.1% | 31.5% | 29.1% |
| Return on capital employed | | | | | |
| Profit after financial items R12 | 1,175 | 1,007 | 1,175 | 1,007 | 1,011 |
| Financial expenses R12 | -7 | -4 | -7 | -4 | -6 |
| Profit after financial items R12 plus financial expenses | 1,182 | 1,011 | 1,182 | 1,011 | 1,017 |
| Average capital employed | 3,266 | 2,499 | 3,266 | 2,499 | 2,716 |
| | 36.2% | 40.4% | 36.2% | 40.4% | 37.4% |
| Net receivables | | | | | |
| Cash and cash equivalents | 1,442 | 1,158 | 1,442 | 1,158 | 1,537 |
| Interest-bearing liabilities | -2 | -3 | -2 | -3 | -2 |
| | 1,440 | 1,156 | 1,440 | 1,156 | 1,535 |
| Sales per employee | | | | | |
| Net sales R12 | 9,116 | 8,202 | 9,116 | 8,202 | 8,603 |
| Average number of employees | 3,016 | 2,764 | 2,971 | 2,728 | 2,783 |
| | 3.0 | 3.0 | 3.1 | 3.0 | 3.1 |
| P/E ratio | | | | | |
| Share price at end of the period | 328.00 | 340.40 | 328.00 | 340.40 | 339.90 |
| Earnings per share R12 | 12.49 | 10.48 | 12.49 | 10.48 | 10.59 |
| | 26 | 32 | 26 | 32 | 32 |
| Operating profit per employee | | | | | |
| Operating profit R12 | 1,178 | 1,008 | 1,178 | 1,008 | 1,014 |
| Average number of employees | 3,016 | 2,764 | 2,971 | 2,728 | 2,783 |
| | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Equity/assets ratio | | | | | |
| Equity | 3,453 | 2,641 | 3,453 | 2,641 | 3,075 |
| Total assets | 5,591 | 4,264 | 5,591 | 4,264 | 5,012 |
| | 61.8% | 61.9% | 61.8% | 61.9% | 61.4% |

Some of the key ratios such as gross margin, earnings per share, operating margin and profit margin may be easily calculated from the financial statements. Thus these metrics are regarded as reconciled and are not presented above.

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This report contains future-oriented information that is based on the present expectations of Axis' Management. Even if the Management believes that the expectations reflected in such future-oriented information are reasonable, no assurance may be given that these expectations will prove to be correct. Consequently, actual future outcomes may deviate significantly from what is reflected in the future-oriented information due to changed conditions relating to the economy, market and competition, changes in legal requirements and other political measures, fluctuations in exchange rates and other factors.

This information is such that Axis AB is required to make public pursuant to the EU's Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the above contact person, on July 12, 2018 at 08.00 CET.