

Board of Directors' report

Axis AB (publ), Corporate registration no. 556241-1065

The Board of Directors and the President hereby submit the Annual Report and the Consolidated Accounts for the fiscal year from January 1, 2001 to December 31, 2001.

If not stated otherwise, all amounts are reported in SEK 000s. Figures in parentheses refer to the preceding year.

Operations

Axis increases the value of network solutions. The company is an innovative market leader in network video and print servers. Axis' products and solutions are focused on applications such as security surveillance, remote monitoring and document management. The products are based on in-house developed chip technology, which is also sold to third parties. Axis was founded in 1984 and is listed on the Stockholmsbörsen. The company has just over 300 employees and operates globally with offices in 14 countries and in cooperation with distributors, systems integrators and OEM partners in 70 countries. Markets outside Sweden account for more than 95 percent of sales.

Important events

Two main trends affected Axis' operations during the year. One was the increased need for security and surveillance, while the other was the general restraint that prevailed with respect to IT investments. This led to video products becoming the single largest product area, which now accounts for 45 percent of Axis' total sales. At the same time, demand in other major product areas declined.

The trend within Video was clearly towards increasingly professional applications and larger investments. In addition to the demand for advanced security and surveillance solutions, the market continues to be driven by the shift from analog to digital technology. In line with this growing interest, Axis received strategically significant orders in several important customer segments, such as police authorities, schools, prisons and banks. These installations are strategically important because they show that digital solutions are being accepted as the standard in sectors that place extremely high demands on security and operational reliability. Axis also continued to increase its efforts in industrial applications of video surveillance.

Work to strengthen the Company's market position was intensified and prioritized during the year. The global sales organization devoted considerable effort to training both resellers and end customers in networked video solutions. The

company also forged partnerships with a large number of new business partners who are focused on total solutions.

The product portfolio was supplemented by several new products, including the first network camera for infrared light and a product for video recording in digital form. The range of wireless print servers was also expanded to include products for such network standards as 802.11b and Bluetooth.

The market for access points continued to develop at a relatively slow pace. A major OEM contract was signed with Toshiba for the delivery of Bluetooth access points. The solution was developed for intelligent homes in which appliances and other household devices are connected.

Increased interest during the year for Axis' technology among third-party developers resulted in several volume orders for the AXIS Device Server Platform.

Research and development

Costs for research and development were reduced by 22 percent, compared with the preceding year, and amounted to SEK 118 M (151). The decrease was mainly attributable to investments in mobile Internet during 2001 and the capitalization of development costs during 2002, as well as rationalization and increased efficiency.

As of the 2002 fiscal year, the Swedish Financial Accounting Standards Council's Recommendation 15 has been applied with regard to capitalization of development expenses. The principles for capitalization are described in note 1 to the financial accounts. Capitalized expenses for the year amounted to SEK 6 M (-).

During 2002, work was largely focused on product development and reducing the time from concept to finished product. A total of seven newly developed products were launched in four product areas. At the same time, it was possible to further improve the offering for OEM and technology customers. Apart from pure product development, Axis also launched a new version of the Etrax chip, ETRAX 100LX MCM, which is the core component in a Linux computer measuring only slightly more than 2.5 square centime-

ters. This chip will result in considerably shorter development cycles and significantly greater opportunities for developing customized products and solutions.

During the year, nine new patents were granted, including patents for Etrax processor designs, camera systems, the processing of meta information for images transferred over a network and methods for selective storage of images.

Through collaboration with universities and research centers, as well as participation in such industry bodies as Universal Plug and Play Forum, Jini Community, Internet Engineering Task Force and Hiperlan/2 Global Forum, Axis shapes future technology and gains important ideas for future product development, while remaining at the forefront in the development and application of tomorrow's technologies.

Financing and cash flow

As at December 31, 2002, Axis had at its disposal funds totaling SEK 260 M, including liquid funds of SEK 130 M and unutilized credit commitments of SEK 130 M. The Company is thus financially strong going into 2003. Cash flow from ongoing operations amounted to SEK 7 M (neg: 26). Net investments for the year amounted to an expenditure of SEK 15 M (12), while total cash flow after amortization of a loan in the amount of SEK 50 M, was negative in the amount of SEK 51 M (neg:15).

Investments

Investments during the year amounted to SEK 10 M (5) in tangible assets and to SEK 6 M (0) in intangible assets. According to the consolidated cash-flow statement, net investments for the year amounted to an expenditure of SEK 15 M (12).

Incentive program

On April 25, 2002, the Annual General Meeting approved the Board of Directors' proposal to offer Axis employees of the Axis Group to acquire a total of 168,200 warrants. The options were issued and transferred to employees during the year. See note 23 to the financial accounts.

Ownership structure

As of the end of the fiscal year, share capital in Axis AB was SEK 689,000, divided among 68,900,000 shares with a par value of SEK 0.01. All shares are of the same share class.

Axis AB had 9,245 shareholders as of the end of the fiscal year. As of the same date, the five largest shareholders owned 67 percent of votes and capital.

	No. of of shares	Proportion of capital and votes
M. Karlsson, privately and through company (LMK Industri AB)	18,717,764	27.2%
G. Kallstrom & Co AB (part of the Skanditek Group)	13,539,765	19.7%
M Gren, through company (Grens specialisten AB)	7,557,471	11.0%
Livförsäkringsaktiefbolaget Skandia	3,125,000	4.5%
The Fourth AP Pension Fund	2,964,000	4.3%
Other	22,996,000	33.3%
	68,900,000	100.0%

Financial performance and position

Sales for comparable units amounted to SEK 670 M (676) during the year, which was a decline of 1 percent, compared with the preceding year. Net sales during the preceding year, which included the divested Netch Technologies AB, amounted to SEK 696 M. The sales trend reflected the weak market conditions and the strengthening of the Swedish currency. Currency effects had a negative impact of SEK 26 M on earnings. The gross margin improved by 3.8 percentage points from 53.5 percent to 57.3 percent.

The Group's operating profit amounted to SEK 40 M (loss: 83), which for comparable units was an improvement of SEK 123 M over the preceding year. Including the divested company Netch Technology, the operating loss in 2001 amounted to SEK 114 M. The operating margin improved significantly and amounted to 5.9 percent for 2002. Currency effects had a positive effect of SEK 5 M on operating profit.

Profit after financial items amounted to SEK 51 M (loss: 118), which for comparable units represented an improvement of SEK 169 M, compared with the preceding year. The loss after financial items, including the company Netch Technologies AB that was divested in 2001, amounted to SEK 149 M during the preceding year.

Condensed income statement, SEK M

	Q1, 2002	Q2, 2002	Q3, 2002	Q4, 2002	TOTAL
Net sales	164,037	170,650	167,552	168,038	670,277
Gross profit	96,236	96,601	94,573	96,597	384,007
Gross margin, %	58.7%	56.6%	56.4%	57.5%	57.3%
Operating profit	10,652	7,590	11,775	9,641	39,658
Operating margin, %	6.5%	4.4%	7.0%	5.7%	5.9%
Profit after financial items	13,659	9,265	16,173	12,339	51,436
Profit margin, %	8.3%	5.4%	9.7%	7.3%	7.7%

Events after the closing date

On January 28, it was announced that Peter Ragnarsson will leave his position as President of Axis AB in connection with an offer of a similar position from another listed company. Work on recruiting a successor has begun. While the recruitment process is in progress, Peter Ragnarsson will remain as CEO for a maximum period of six months.

Key ratios for the Group

	2002	2001	2000, 8 mos.	1999/ 2000	1998/ 1999
Net sales	670	696	494	695	560
Profit/loss after financial items, SEK M	51	-150	-171	-62	1
Total assets, SEK M	430	489	616	328	249
Equity/assets	73%	56%	64%	11%	34%
Return on total capital	12%	-19%	-34%	-18%	3%
Return on equity	13%	-46%	-84%	-111%	1%
Profit/loss per share before dilution, SEK	0.52	-1.31	-2.60	-1.10	0.01
Profit/loss per share after dilution, SEK	0.52	-1.31	-2.60	-1.10	0.01
No. of shares before dilution, average	68,900	68,900	65,775	56,400	56,400
No. of shares after dilution, average	68,985	68,900	65,775	56,400	56,400
No. of employees on closing date	344	324	581	506	329

See Note 30 for definitions.

The Board of Directors' Working Procedures

The Board of Directors consists of seven members elected by the Annual General Meeting. During the fiscal year, the board held seven meetings. The Board of Directors works with an annual plan for agenda items and is in other respects subject to the special working procedure that the Board of Directors has established regarding the division of responsibilities between the Board of Directors and the President.

The Board of Directors has appointed a Compensation Committee whose primary assignment is to prepare decisions and guidelines relating to salaries and other terms of employment for personnel, the President and those members of the Board of Directors who receive remuneration other than that approved by the Annual General Meeting. The Compensation Committee has consisted of Patrik Tiger-schiöld, Östen Mäkitalo and Jan Wabréus.

Prospects for 2003

During 2003, Axis' strategic technical, product, and market development work will prioritize the Video product area, which is considered to have significant long-term growth potential. The goal is to continue to expand in this area, thus strengthening Axis' position as the market leader, while maintaining satisfactory profitability. The overall sales trend remains difficult to predict. At the end of 2002, there were several signs of increased activity but also indications, not least in the U.S. market, that 2003 may also be a year characterized by general restraint with respect to IT investments.

Parent Company

The Parent Company's operations are primarily focused on Group administration. The Parent Company has no employees.

Sales to Group companies were insignificant. There were no purchases from Group companies.

The Parent Company reported a profit after financial items of SEK 51 M (loss: 178).

Proposed distribution of earnings

The following funds are at the disposal of the Annual General Meeting:

Profit for the year	SEK 43,802,393
Total	SEK 43,802,393

The Board of Directors and the President propose that the funds at the disposal of the Annual General Meeting be treated so that:

a dividend of SEK 0.15 per share would be distributed to the shareholders	SEK 10,335,000
profit to be carried forward	SEK 33,467,393
Total	SEK 43,802,393

Consolidated unrestricted equity amounted to SEK 28 M. No transfers from consolidated non-restricted equity to restricted equity are proposed.

Income statements

SEK 000s	Note	Group			Parent Company	
		2002	2001	8 mos 2000	2002	2001
Net sales	2	670,277	696,333	493,651	3,131	4,310
Cost of goods and services sold		-286,270	-340,754	-283,356	-	-
Gross profit		384,007	355,579	210,295	3,131	4,310
Selling expenses		-177,522	-212,011	-186,648	-	-
Administrative expenses		-56,334	-66,262	-53,483	-6,164	-7,886
Research and development expenses		-117,847	-151,052	-133,065	-	-
Items affecting comparability		-	-33,296	-	-	-
Other operating income	5	7,354	-	-	-	-
Other operating expenses	5	-	-6,922	-2,139	-	-
Shares in pretax profit/loss in associated companies		-	158	15	-	-
Net operating profit/loss	3, 4	39,658	-113,806	-165,025	-3,033	-3,576
<i>Net profit or loss from financial investments</i>						
Net profit or loss from shares in group companies	6	-	-	-	8,449	-67,487
Interest income and similar income items	7	14,018	8,419	5,440	47,363	13,270
Interest expense and similar expense items	8	-2,240	-44,106	-11,150	-1,662	-120,653
Profit/loss after financial items		51,436	-149,493	-170,735	51,117	-178,446
Change in tax equalization reserve		-	-	-	9,112	10,488
Tax	11	-15,581	48,445	35,790	-16,427	108,985
Minority share in profit/loss for the period		-	10,941	27,091	-	-
Net profit/loss for the year		35,855	-90,107	-107,854	43,802	-58,973
Profit/loss per share before dilution, SEK		0.52	-1.31	-2.60		
Profit/loss per share after dilution, SEK		0.52	-1.31	-2.60		
Number of shares before dilution, average		68,900	68,900	65,775		
Number of shares after dilution, average		68,985	68,900	65,775		

Balance sheets

ASSETS, SEK 000s	Note	Group			Parent Company	
		Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 2002	Dec. 31, 2001
Fixed assets						
<i>Intangible fixed assets</i>						
Capitalized expenditures for development work	12	5,658	–	–	–	–
Rights	14	782	1,407	2,032	782	1,407
Other intangible fixed assets	13	460	1,730	4,965	–	–
Total intangible fixed assets		6,900	3,137	6,997	782	1,407
<i>Tangible fixed assets</i>						
Buildings and land	15	–	–	8,024	–	–
Equipment	16	14,999	18,241	36,464	–	–
Total tangible fixed assets		14,999	18,241	44,488	–	–
<i>Financial fixed assets</i>						
Shares in subsidiaries	17	–	–	–	742	742
Shares in associated companies	18	–	–	1,165	–	–
Other securities held as fixed assets	19	–	–	33,861	–	–
Condominiums	20	676	676	676	–	–
Receivables from associated companies		–	–	1,822	–	–
Deferred tax claims	21	97,480	111,744	58,800	92,558	108,985
Long-term receivables		2,379	2,813	842	–	–
Total financial assets		100,535	115,233	97,166	93,300	109,727
Total fixed assets		122,434	136,611	148,651	94,082	111,134
Current assets						
<i>Inventories</i>						
Goods for resale		57,994	46,628	60,119	–	–
Total inventories		57,994	46,628	60,119	–	–
<i>Receivables</i>						
Accounts receivable		88,385	106,339	137,960	–	–
Tax receivables		2,307	187	2,538	–	–
Receivable from Group companies		–	–	–	212,743	230,095
Other receivables		8,836	7,767	30,764	–	–
Prepaid expenses and accrued income		20,571	10,874	39,945	6,973	3,189
Total receivables		120,099	125,167	211,207	219,716	233,284
<i>Cash and bank deposits</i>						
Cash and bank deposits		129,956	180,773	195,993	52,320	36,632
Total cash and bank deposits		129,956	180,773	195,993	52,320	36,632
Total current assets		308,049	352,568	467,319	272,036	269,916
TOTAL ASSETS		430,483	489,179	615,970	366,118	381,050

EQUITY AND LIABILITIES, SEK 000s	Note	Group			Parent Company	
		Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 2002	Dec. 31, 2001
Equity	22, 23					
<i>Restricted equity</i>						
Share capital		689	689	689	689	689
Legal reserve		–	–	–	1,024	1,024
Premium fund		–	–	–	291,552	349,600
Restricted reserves		284,039	333,937	559,322	–	–
Total restricted equity		284,728	334,626	560,011	293,265	351,313
<i>Accumulated loss/Non-restricted equity</i>						
Non-restricted reserves		–8,051	28,495	–72,418	–	–
Profit/loss for the year		35,855	–90,107	–107,854	43,802	–58,973
Total accumulated loss/non-restricted equity		27,804	–61,612	–180,272	43,802	–58,973
Total equity		312,532	273,014	379,739	337,067	292,340
Minority share of equity		–	–	12,125	–	–
Untaxed reserves						
Tax allocation reserve	25	–	–	–	19,439	28,551
Total untaxed reserves		–	–	–	19,439	28,551
Provisions	24	3,826	16,125	3,707	–	–
Liabilities						
<i>Long-term liabilities</i>	26					
Liabilities to credit institutions		–	50,000	51,363	–	50,000
Total long-term liabilities		–	50,000	51,363	–	50,000
<i>Current liabilities</i>						
Accounts payable		50,342	82,945	105,676	–	–
Liabilities to Group companies		–	–	–	8,306	8,006
Other liabilities		5,280	4,076	10,658	82	152
Accrued expenses and deferred income	27	58,503	63,019	52,702	1,224	2,001
Total current liabilities		114,125	150,040	169,036	9,612	10,159
Total liabilities		114,125	200,040	220,399	9,612	60,159
TOTAL EQUITY AND LIABILITIES		430,483	489,179	615,970	366,118	381,050
MEMORANDUM ITEMS						
Pledged assets	28	NONE	NONE	10,000	NONE	NONE
Contingent liabilities	29	NONE	NONE	NONE	4,344	37,290

Cash-flow statements

SEK 000s	Note	Group			Parent Company	
		2002	2001	8 mos 2000	2002	2001
Current operations						
Operating profit/loss before financial items		39,658	-113,807	-165,025	-3,033	-3,576
Depreciation and amortization		13,712	19,382	13,344	625	625
Other items not affecting liquidity		-7,204	12,438	3,507	-	-
		46,166	-81,987	-148,174	-2,408	-2,951
Financial income received	9	6,600	5,846	5,440	11,895	15,340
Group contribution received		-	-	-	8,535	6,421
Financial expense paid	10	-2,758	-2,050	-6,806	-2,130	-4,597
Group contribution paid		-	-	-	-86	-73,908
Tax paid		-4,189	-2,311	1,917	-	-
		-347	1,485	551	18,214	-56,744
Change in inventories		-11,366	13,491	9,768	-	-
Change in accounts receivable		17,954	16,581	-5,650	-	-
Change in other current receivables		-10,197	44,861	-25,125	89,589	187,503
Change in accounts payable		-32,603	-17,029	33,635	-	-
Change in other current operating liabilities		-2,794	-2,982	21,002	-164	121
		-39,006	54,922	33,630	89,425	187,624
Cash flow from current operations		6,813	-25,580	-113,993	105,231	127,929
Investment operations						
Investments in intangible fixed assets		-5,692	-	-1,933	-	-
Investments in tangible fixed assets		-9,572	-4,736	-15,567	-	-
Sale of tangible fixed assets		-575	13,568	3	-	-
Investments in subsidiaries		-	-7,792	-	-	-
Investments in other financial fixed assets		435	-9,471	-20,968	-	-7,500
Sale of financial fixed assets		-	-	-	-	-50,146
Profit/loss upon sale of shares in subsidiaries		-	-4,029	-	-	-
Cash flow from investment operations		-15,404	-12,460	-38,465	-	-57,646
Financing operations						
Share premium upon issue of debt instruments		925	989	6,315	925	1,345
New issue		-	-	445,520	-	-
Change in long-term liabilities		-50,000	-1,363	-111,459	-	-
Payment from minority interest		-	21,000	-	-	-
Amortization of loans		-	-	-	-50,000	-
Exchange rate differences		6,849	2,194	-4,344	35,468	-21,959
Group contribution received/paid		-	-	-	-75,936	-35,703
Cash flow from financing operations		-42,226	22,820	336,032	-89,543	-56,317
CASH FLOW FOR THE YEAR		-50,817	-15,220	183,574	15,688	13,966
Liquid funds at the beginning of the year		180,773	195,993	12,419	36,632	22,666
Change in liquid funds		-50,817	-15,220	183,574	15,688	13,966
Liquid funds at the end of the year		129,956	180,773	195,993	52,320	36,632

Notes

If not stated otherwise, all amounts are reported in SEK 000s.

Note 1 Accounting principles

The annual report and consolidated financial statements were prepared in accordance with the Swedish Annual Accounts Act and the recommendations and opinions of the Swedish Financial Accounting Standards Council. The accounting principles are unchanged from the preceding year with the exception of capitalization of development expenses. With the exception of the principle for capitalizing development costs described above, the recommendations issued by the Swedish Financial Accounting Standards Council that took effect on January 1, 2002 have not entailed any change in the financial accounts.

Consolidated financial statements

The consolidated financial statements include the Parent Company and the companies in which the Parent Company, directly or indirectly, controls more than 50 percent of votes as of the end of the fiscal year. Companies acquired during the year are included in the consolidated income statement with values commencing on the date of acquisition.

The consolidated accounts were prepared using the acquisition method, by which the acquisition value of shares in subsidiaries are eliminated against each subsidiary's equity as of date of acquisition. Equity is determined on a market appraisal of assets, provisions and liabilities as of the date of acquisition. To the extent there are untaxed reserves in acquired companies, a provision is made for deferred tax on such reserves, based on the tax rate in effect in the company's country of domicile. This tax is reported among provisions for taxes.

If the acquisition value of the shares in subsidiaries exceeds the value of acquired equity computed as described above, the difference is attributed to goodwill, which is amortized over its estimated useful life.

Companies acquired during the year are included in the consolidated financial statements as of the date they are acquired. Companies sold during the year are included in the consolidated financial statements until the date of sale. All companies included in the consolidated accounts apply the same accounting principles.

Translation of foreign subsidiaries

All foreign subsidiaries within the Axis Group have been classified as integrated foreign business entities. Accordingly, the monetary/non-monetary method is applied for the translation of the financial statements of foreign subsidiaries. This means that the monetary assets and liabilities of foreign subsidiaries are translated at the closing day rate, while non-monetary assets are translated at the historical rate. All income statement items are translated at the average rate for the year. Translation differences are reported in the net profit or loss from financial investments.

When the Parent Company or another Group company in the Axis Group employs hedging in order to capitalize and shield against exchange rate differences on net investments in a subsidiary, the exchange difference on the hedging instrument is recorded directly against income from financial investments to the extent that it relates to a corresponding translation difference recorded during the year for the subsidiary.

Tax effects are taken into account upon unequal valuation of assets and liabilities at the Group or company level, which are reported as long-term or deferred tax liability. However, in accordance with Recommendation 9 issued by the Swedish Financial Accounting Standards Council, deferred tax on consolidated positive or negative goodwill is not taken into account.

Minority interest

The minority interest in net profit/loss for the year and equity is based on the financial statements for the subsidiary prepared in accordance with Group accounting principles.

Associated companies

Associated companies are companies that are not subsidiaries, but for which the Parent Company, directly or indirectly, controls between 20 and 50 percent of the votes for all shares. Shares in associated companies are reported using the equity method.

According to the equity method, shares in the net profits or loss in associated companies are included in pretax profits or loss. If the acquisition value of shares in associated companies was higher than the proportion of equity in the acquired company as of the date of acquisition, the difference is treated as goodwill. The share of the associated company's taxes is included in the Group's tax expense. Holdings in associated companies are reported on the consolidated balance sheet at acquisition value, adjusted for contributions, dividends and share in net profits or loss following the acquisition.

Receivables and liabilities in foreign currency

Current receivables and liabilities in foreign currency are translated at the year-end rate. Exchange rate differences are included in other operating revenues or operating expenses.

"Hedge reporting" is applied to hedging of future currency flows. The net profit or loss from hedging transactions is reported on the income statement for the same period as the underlying flows.

Inventories

Goods for resale are valued at the lower of cost or market value as of closing day, with the FIFO principle applied. Internal gains upon transactions between Group companies are eliminated.

Receivables

Receivables are reported in the amounts at which they are expected to be paid.

Research and development expenditures

Axis' technology is based on internally developed ASIC (Application Specific Integrated Circuit) platforms, which constitute the core in Axis products. As of fiscal year 2002, the development of new platforms is capitalized during the development period and depreciated over the expected economic lifetime. Network applications based on these platforms, such as network cameras and print servers, are considered as adaptations of the core product. Adaptations of the platforms for various network applications are not capitalized. Expenses for research are charged against income as they occur. Up until the fiscal year 2001, all expenditures relating to research and development were charged against income as they occurred.

Income recognition

Net sales are reported upon delivery of the goods and acceptance by the customer. Sales are reported after deductions for sales taxes and discounts, and after elimination of intragroup sales.

Tangible and intangible fixed assets

Tangible and intangible fixed assets are reported at the acquisition cost less depreciation and amortization according to plan. There are no pledges or commitments on future investments.

Planned depreciation and amortization are normally based on the original acquisition value and the estimated useful life of the asset, in accordance with the following:

Machinery and equipment	3–10 years
Land improvements	5 years
Capitalized expenditures for development work	1–3 years
Software	3 years
Rights	5 years

Income taxes

The year's tax expense is computed according to each country's tax regulations and the reported net profit or loss for the year. Remaining tax to be paid is reported under tax liability.

A provision for deferred tax is made on untaxed reserves at the prevailing tax rate for each country. Deferred tax claims on fiscal deficits are computed and recorded as deferred tax income on the income statement and as a long-term liability on the balance sheet. Deferred tax liability on fiscal deficits is reported in accordance with the company's election to apply the Swedish Financial Accounting Standards Council Recommendation 9. Deferred tax claims and deferred tax liabilities with the same tax authorities are reported as a net amount in the balance sheet. Deferred tax claims relating to accumulated loss carry-forwards are capitalized to the extent that it is deemed probable that the loss carry-forward can be utilized against future taxable surpluses.

The early application of Recommendation 9, Income Tax, as of December 31, 2000 only affected the consolidated accounts. As of December 31, 2001, the Parent Company's accounts are also affected.

Untaxed reserves are reported in the Parent Company due to their link to taxes.

Cash flow statement

The cash flow analysis was prepared in accordance with the Swedish Financial Accounting Standards Council's Recommendation 7 in accordance with the indirect method. The change in liquid funds for the year is divided into operations, investment operations and financing operations. The starting point for the indirect method is the operating profit or loss adjusted for those transactions that do not entail cash payments. Liquid funds refer to cash and bank balances, as well as current investments. All items included in liquid funds can be converted to cash relatively quickly.

Loan costs

All costs for loans are expensed as they arise.

Leasing

Leasing fees for rented equipment are normally expensed during the rental period. The Group does not currently have any significant financial leasing agreements, meaning that all of the Group's leasing agreements are considered as operational for accounting purposes.

Provisions

Provisions are reported when the Group remains under legal or informal obligation as a result of previous events and where an outlay or resources to regulate the commitment is probable and where it is possible to calculate the amount in a reliable manner.

Note 2 Net sales distributed by product area and geographical market

Net sales are distributed by product area as follows:

	Group		
	2002	2001	2000 8 mos
Video	301,476	238,322	135,454
Print	277,934	308,537	210,221
Scan	13,082	25,176	18,474
Store	32,104	50,644	48,005
Access	5,795	5,158	84
Other	39,886	48,017	38,569
	670,277	675,854	450,807
Netch Technologies AB	–	20,479	42,844
Total	670,277	696,333	493,651

Net sales are distributed by geographical market as follows:

	Group		
	2002	2001	2000 8 mos
Europe (including Middle East and Africa)	315,903	330,885	250,735
Asia	174,194	155,672	108,659
North and South America	180,180	209,776	134,257
Total	670,277	696,333	493,651

Note 3 Personnel

The average number of employees and their distribution by sex during the year was:

	Women			Men			Total		
	2002	2001	2000 8 mos	2002	2001	2000 8 mos	2002	2001	2000 8 mos
Parent company	–	–	–	–	–	–	–	–	–
France	4	5	6	7	6	9	11	11	15
Japan	9	9	7	11	10	11	20	19	18
Netherlands	1	1	1	3	2	2	4	3	3
Singapore and Asia Pacific	10	11	12	15	17	16	25	28	28
Spain and Italy	2	2	2	5	5	5	7	7	7
Great Britain	1	1	2	3	5	7	4	6	9
Sweden	47	70	81	184	255	322	231	324	403
Germany	2	2	2	6	8	12	8	10	14
USA	7	10	16	17	21	27	24	31	43
Group total	83	111	129	251	329	411	334	439	540

Salaries and other remuneration amounted to:

	Board of Directors & President			Other			Total		
	2002	2001	2000 8 mos	2002	2001	2000 8 mos	2002	2001	2000 8 mos
Parent company	–	–	–	–	–	–	–	–	–
France	–	–	–	6,227	5,484	3,608	6,227	5,484	3,608
Japan	–	–	–	14,767	11,702	8,362	14,767	11,702	8,362
Netherlands	–	–	–	1,859	1,353	693	1,859	1,353	693
Singapore and Asia Pacific	–	–	–	8,291	9,974	5,850	8,291	9,974	5,850
Spain and Italy	–	–	–	2,424	1,776	983	2,424	1,776	983
Great Britain	–	–	–	3,869	4,713	4,248	3,869	4,713	4,248
Sweden	3,652	3,227	2,212	96,332	139,198	106,519	99,984	142,425	108,731
Germany	–	–	–	4,504	4,619	3,933	4,504	4,619	3,933
USA	–	–	–	20,644	31,392	20,843	20,644	31,392	20,843
Group total	3,652	3,227	2,212	158,917	210,211	155,039	162,569	213,438	157,251

	Salaries and remunerations			Employer's contributions			(of which pension costs)		
	2002	2001	2000 8 mos	2002	2001	2000 8 mos	2002	2001	2000 8 mos
Parent company	–	–	–	–	–	–	–	–	–
Subsidiaries	162,569	213,438	157,251	55,062	72,100	51,910	12,487	15,936	8,881
Group total	162,569	213,438	157,251	55,062	72,100	51,910	12,487	15,936	8,881

Remuneration to the Board of Directors

	Group		
	2002	2001	2000 8 mos
Board of Directors	500	325	325
	500	325	325

Wages, salaries and other remuneration to the Board of Directors and the President were paid through the subsidiary Axis Communications AB.

Remuneration to executive management

The Chairman of the Board of Directors and its members receive remuneration in accordance with the Annual General Meeting's decisions. No special remuneration is received for committee work.

Remuneration to the President consists of a basic salary, variable compensation and a pension. Other senior executives consist of the five persons who together with the President constitute Group management.

The division between a basic salary and variable compensation should be in relation to the executive's responsibility and authority. For the President, variable compensation is a maximum of 800. For other senior executives, variable compensation is at most 25 percent of the basic salary. The variable compensation to the President is based entirely on financial targets, while variable compensation to other senior executives is based in part on results in relation to personal targets and in part on results in relation to financial targets for the Group.

Remuneration and other benefits received by senior executives are reported in the table on page 37.

Note 3 Continued

	Basic salary/ Remuneration	Variable Compensation	Other Benefits	Pension Costs	Other Remuneration	Total
Chairman of the Board	606	–	–	314	–	920
President	1,629	300	–	508	–	2,437
Other senior executives	4,995	772	–	1,340	–	7,107
	7,230	1,072	–	2,162	–	10,464

Variable compensation for the fiscal year 2002 relates to bonuses reported as an expense. See below for details on how bonuses are calculated.

Other benefits and Other Remuneration are received on the same grounds as for other employees.

With the exception of the President, Axis only provides benefits-based pensions. Pension costs relate to the expenses charged against income for the year. See below for further information regarding pensions.

The Chairman of the Board of Directors, who until October 31, 2002 was an employee of Axis, has, as of February 12, 2003, signed a contract that gives Axis the possibility to purchase his consulting services on an ongoing basis via his wholly owned company, LMK Industri AB.

Bonus to senior executives

For the President, the bonus for 2002 was based in part on the Group's sales and in part on the Group's operating profit in relation to targets set by the Board of Directors. The bonus for 2002 amounted to 300.

For other senior executives, the bonus was 60 percent based on the Group's profit margin and 40 percent on individual targets. Bonus amounts for other senior executives corresponded to 9-17 percent of basic salary.

Holdings of securities

	From the period prior to 2002		Changes during 2002	
	No. of warrants	No. of warrants	Acquisition price	Value
Chairman of the Board of Directors	–	–	–	–
President	164,000	–	–	–
Other senior executives	102,800	–	–	–
	266,800	–	–	–

During 2002, neither the President nor other senior executives acquired warrants in Axis AB.

Note 4 Audit fees

	Group		
	2002	2001	2000 8 mos
Audit fees paid to Öhrlings PricewaterhouseCoopers	525	435	470
Other fees paid to Öhrlings PricewaterhouseCoopers	453	847	1,477
Audit fees paid to other auditors	859	756	485
	1,837	2,038	2,432

Audit fees and other fees paid to the Parent Company's auditors were charged entirely to the subsidiary Axis Communications AB.

Note 5 Other operating revenues and other operating expenses

	Group		
	2002	2001	2000 8 mos
Exchange rate differences	7,354	–6,922	–2,139
Total	7,354	–6,922	–2,139

Note 6 Net profit/loss from shares in Group companies

	Parent Company	
	2002	2001
Group contribution received	8,535	6,421
Write-down of shares in subsidiaries	–86	–73,908
	8,449	–67,487

Pensions

The retirement age for the President is 65 years. The pension premium should amount to 35 percent of earnings with pension entitlement up to 28.5 base amounts. For the salary exceeding 28.5 base amounts, the premium is 25 percent.

For other senior executives, the ITP agreement applies with a retirement age of 65.

Severance pay

A mutual period of notice of six months is required with respect to termination or resignation of the President's employment. If employment is terminated at the request of the Company, the President is entitled to severance pay of 1,680. Severance pay is not reduced against other income. If employment is terminated at the request of the President, there is no severance pay.

Between the company and four of the other senior executives a mutual period of notice of three months applies. If employment is terminated at the request of the Company, the senior executive is entitled to severance pay during the termination period of three months. This amount is not reduced against other income. If employment is terminated by the senior executive, there is no severance pay. For the fifth senior executive, salary is paid during the termination period, which is 12 months, if employment is terminated at the Company's request. If employment is terminated at the senior executive's request, a three-month termination period applies with salary during the termination period.

Determination and decision process

The Compensation Committee provided the Board of Directors with recommendations during the year regarding the principles for compensation to senior executives. The recommendations comprised the proportions between fixed and variable compensation and the magnitude of possible salary increases. In addition, the Compensation Committee proposed criteria for assessment of bonus results, etc. The Board of Directors discussed the Compensation Committee's proposals and took decisions based on the committee's recommendations.

Remuneration to the President for the 2002 fiscal year was approved by the Board of Directors based on the Compensation Committee's recommendations. Remuneration to other senior executives was determined by the President after consulting the Compensation Committee.

Note 7 Interest income and similar income items

	Group			Parent Company	
	2002	2001	2000 8 mos	2002	2001
Interest income	7,169	6,225	5,440	11,895	13,270
Exchange rate differences	6,849	2,194	–	35,468	–
Total	14,018	8,419	5,440	47,363	13,270

Note 8 Interest expense and similar profit/loss items

	Group			Parent Company	
	2002	2001	2000 8 mos	2002	2001
Interest expense	–1,234	–2,058	–5,704	–1,442	–4,999
Exchange rate differences	–	–	–4,344	–	–21,959
Loss on divestment of shares in subsidiaries	–	–330	–	–	–52,672
Write-downs of shares and financial instruments	–	–40,861	–	–	–40,560
Other financial expenses	–1,006	–857	–1,102	–220	–463
Total	–2,240	–44,106	–11,150	–1,662	–120,653

Note 9 Financial income received

	Group			Parent Company	
	2002	2001	2000 8 mos	2002	2001
Interest income	6,600	5,846	5,440	11,895	15,340
Total	6,600	5,846	5,440	11,895	15,340

Note 10 Financial expenses incurred

	Group			Parent Company	
	2002	2001	2000 8 mos	2002	2001
Interest expenses	-1,752	-2,050	-5,704	-2,130	-4,597
Other financial expenses	-1,006	-	-1,102	-	-
Total	-2,758	-2,050	-6,806	-2,130	-4,597

Note 11 Tax

	Group			Parent Company	
	2002	2001	2000 8 mos	2002	2001
Current tax	-2,069	-3,882	-797	-	-
Deferred tax	-13,512	52,327	36,587	-16,427	108,985
Total	-15,581	48,445	35,790	-16,427	108,985
Reported profit before tax	51,436	-149,493	-170,735	60,229	-167,958
<i>To be added:</i>					
Taxable temporary differences	11,375	51,558	-	-	40,111
Non-deductible expenses	5,373	2,909	1,107	-	-
<i>To be deducted:</i>					
Non-taxable income	-13	-26	-50	-	-
Expenses charged against equity	-	-	-	-1,561	-
Taxable profit/ loss	68,171	-95,052	-169,678	58,668	-127,847
Estimated tax	-19,088	26,614	47,510	-16,427	35,797
Deferred tax income relating to temporary differences	2,752	13,733	-585	-	11,441
Deferred tax income relating to untaxed reserves	2,873	3,499	242	-	-
Deferred tax effect relating to intra-Group adjustments and changes in Group structure	-1,311	2,949	-12,852	-	-
Deferred tax effect relating to difference in tax rates	-807	1,650	1,475	-	-
Effect of reporting of deferred tax claims in legal entities	-	-	-	-	61,747
Total tax for the year	-15,581	48,445	35,790	16,427	108,985

Note 12 Capitalized expenditures for development work

	Group		
	2002	2001	2000 8 mos
Acquisitions for the year	5,658	-	-
Closing balance	5,658	-	-

Note 13 Other intangible fixed assets

	Group		
	2002	2001	2000 8 mos
Acquisition value, beginning of year	7,652	8,340	6,407
Acquisitions during the year	34	5,257	1,933
Company divestment	-	-5,945	-
Closing balance	7,686	7,652	8,340
Accumulated scheduled amortization, beginning of year	-5,922	-3,375	-1,418
Scheduled amortization for the year	-1,304	-3,533	-1,957
Company divestment	-	986	-
Closing balance	-7,226	-5,922	-3,375
Total	460	1,730	4,965

The item relates primarily to software.

Note 14 Rights

	Group			Parent Company	
	2002	2001	2000 8 mos	2002	2001
Acquisition value, beginning of year	3,126	3,126	3,126	3,126	3,126
Closing balance	3,126	3,126	3,126	3,126	3,126
Accumulated scheduled amortization, beginning of year	-1,719	-1,094	-678	-1,719	-1,094
Scheduled amortization for the year	-625	-625	-416	-625	-625
Closing balance	-2,344	-1,719	-1,094	-2,344	-1,719
Total	782	1,407	2,032	782	1,407

The item relates primarily to name rights.

Note 15 Buildings, land and land improvements

	Group		
	2002	2001	2000 8 mos
Acquisition value, beginning of year	-	8,306	8,306
Divestments during the year	-	-7,039	-
Closing balance	-	1,267	8,306
Accumulated scheduled depreciation, beginning of year	-	-282	-113
Scheduled depreciation for the year	-	-985	-169
Closing balance	-	-1,267	-282
Total	-	-	8,024
Assessed values, Sweden	-	-	3,769

Note 16 Equipment

	Group		
	2002	2001	2000 8 mos
Acquisition value, balance at beginning of year	66,459	93,302	79,476
Acquisitions during the year	9,572	4,736	15,567
Sales and discards for the year	-4,884	-17,927	-1,741
Company acquisitions/divestments	-	-13,652	-
Closing balance	71,147	66,459	93,302
Accumulated scheduled depreciation, beginning of year	-48,218	-56,838	-47,774
Scheduled depreciation for the year	-11,783	-14,239	-10,802
Sales and discards for the year	3,853	16,384	1,738
Company acquisitions/divestments	-	6,475	-
Closing balance	-56,148	-48,218	-56,838
Total	14,999	18,241	36,464

Note 17 Shares in subsidiaries

Shares owned by Parent Company	Registered office	Reg. No.	No. of shares and capital	No. of shares	Par value	Book value	
						Dec. 31, 2002	Dec. 31, 2001
Axis Communications AB	Lund	556253-6143	100%	1,600	160	342	342
Gren & Karlsson Firmware AB	Lund	556304-6209	100%	500	100	50	50
Axis Technologies AB	Lund	556485-0765	100%	500	100	50	50
Axis Alfa AB	Lund	556599-4547	100%	500	100	100	100
Axis Beta AB	Lund	556599-4588	100%	500	100	100	100
Axis Gamma AB	Lund	556599-4562	100%	1,000	100	100	100
						742	742

Shares owned by subsidiaries	Registered Office	No. of shares and capital	Shares owned by subsidiaries	Registered Office	Reg. No.	No. of shares and capital
Axis Communications SA	France	100%	Axis Communications (S) Pte Ltd	Singapore		100%
Axis Communications (UK) Ltd	UK	100%	Axis Communications Korea Co. Ltd.	Korea		100%
Axis Communications GmbH	Germany	100%	Axis Communications Ltd	Kina, Hong Kong		100%
Axis Communications BV	Netherlands	100%	Axis Communications Ltd	China, Shanghai		100%
Axernet Communications SA	Spain	100%	Axis Communications Pty Ltd	Australia		100%
Axis Communications Inc	USA	100%	Axis Communications Ltd	Taiwan		100%
Axis Communications Ltda	Brasil	100%	Axis Network AB	Sweden	556505-3450	100%
Axis Communications KK	Japan	100%	Axis Peripherals AB	Sweden	556505-1785	100%

Note 18 Shares in associated companies

	Share (capital)	Share (votes)	Book value Group		
			02.12.31	01.12.31	00.12.31
Basset, A/S	–	–	–	–	1,165
Total			–	–	1,165

Note 19 Other securities held as fixed assets

	Share (capital)	Share (votes)	Book value Group			Book value Parent Company	
			02.12.31	01.12.31	00.12.31	02.12.31	01.12.31
nBand, Communications Inc	11%	3,507,198	–	–	32,898	–	–
Poobah Inc	2%	6,300	–	–	463	–	–
EZ Travel AB	–	–	–	–	500	–	–
Total			–	–	33,861	–	–

Note 20 Shares in tenant owners' association

	Group		
	2002	2001	2000 8 mos
Acquisition value at beginning and end of year	676	676	676

Note 21 Deferred tax receivables

The temporary difference in the Group and Parent Company accounts are the result of deferred tax claims and liabilities relating to the following items:

	Group			Parent Company		(cont.)	Group			Parent Company	
	2002	2001	2000 8 mos	2002	2001		2002	2001	2000 8 mos	2002	2001
Deferred tax claims¹⁾						Deferred tax liabilities¹⁾					
Tangible and intangible fixed assets	352	31	–	–	–	Tax equalization reserve	5,442	7,994	10,931	–	–
Financial fixed assets	11,441	11,441	–	11,441	11,441	Tangible and intangible fixed assets	–	–	537	–	–
Inventories	5,435	2,677	3,623	–	–		5,442	7,994	11,468	–	–
Other provisions	1,088	2,461	–	–	–	Net deferred tax claims	97,480	111,744	58,800	92,558	108,985
Accumulated loss carry-forwards ²⁾	84,382	103,044	66,645	81,117	97,544						
Other items	224	84	–	–	–						
	102,922	119,738	70,268	92,558	108,985						

¹⁾ Deferred tax liabilities to the same tax authority are reported as a net amount in deferred tax claims as of 2001. Preceding years have been adjusted.

²⁾ Accumulated loss carry-forwards relate in all essential respects to the Group's total deficit for tax purposes. These loss carry-forwards do not expire within the foreseeable future.

Note 22 Change in equity

Group	Share capital	Restricted reserves	Non-restricted reserves	Profit/loss for the year	Total equity
Balance, beginning of year	689	333,937	-61,612	-	273,014
Reduction of premium fund	-	-58,973	58,973	-	-
Transfers between restricted and non-restricted equity	-	5,412	-5,412	-	-
Share premium upon issuance of debt instruments with attached warrants	-	925	-	-	925
Exchange-rate change on warrants held by the Company	-	-196	-	-	-196
Vesting of stock options in Axis Inc. in the US	-	2,934	-	-	2,934
Profit for the year	-	-	-	35,855	35,855
Balance, end of year	689	284,039	-8,051	35,855	312,532

Parent Company	Share capital	Restricted reserves	Non-restricted reserves	Profit/loss for the year	Total equity	
Balance, beginning of year	689	1,024	349,600	-58,973	-	292,340
Reduction of premium fund	-	-	-58,973	58,973	-	-
Share premium upon issuance of debt instruments with attached warrants	-	-	925	-	-	925
Profit for the year	-	-	-	43,802	-	43,802
Balance, end of year	689	1,024	291,552	-	43,802	337,067

The Company's share capital comprises 69,900,000 shares of the same class and type, each with a par value of SEK 0.01.

The Company's legal form is a limited liability stock company (public). The registered country is Sweden, with registered office in Lund.

Note 23 Equity

Axis AB presently has one outstanding warrants program that covers employees. The program was introduced in 1999 and directed at all employees of the Axis Group. The objective of the program is to stimulate long-term commitment among employees to the development of the Group's operations and profits. Employees in the United States are offered stock options.

All permanent employees in EMEA and Asia are eligible to participate in the program. Permanent employees in the American subsidiary are eligible to participate in a separate stock options program. The latter is directed only towards employees in the United States. In addition to the number of warrants offered to all permanent employees, senior executives are invited to acquire a limited additional number of warrants.

The terms of the American program are such that an option may be exercised upon the new issue of shares occurring after the day the option was acquired by the employee. Options are allotted after three years for the program from 1999. Under the programs from 2000, 2001 and 2002, options are allotted on four occasions over a period of two years, with 25 percent on each occasion.

The subscription price per share corresponds to 130 percent of the average, on each trading day, of the volume-weighted average of the prices noted during the day according to the Stockholm Exchange official price list for shares in the company computed over a period of five trading days.

The table below shows the conditions and effects on equity of the warrants program upon full exercise of all warrants.

Recipient	Maturity date	Subscription price	No. of warrants	No. of shares	Dilution
Personnel in Europe and Asia	Oct. 1, 2004	1950	430,000	430,000	0.60%
Personnel in Europe and Asia	Sep. 30, 2005	54.00	1,128,000	1,128,000	1.60%
Personnel in Europe and Asia	Sep. 30, 2005	63.00	172,250	172,250	0.30%
Personnel in Europe and Asia	Oct. 2, 2006	18.00	221,600	221,600	0.30%
Personnel in Europe and Asia	Oct. 2, 2007	26.00	104,200	104,200	0.15%
Personnel in the United States	Oct. 1, 2004	19.50	140,000	140,000	0.20%
Personnel in the United States	Sep. 30, 2010	48.00	172,250	172,250	0.30%
Personnel in the United States	Oct. 2, 2006	18.00	89,000	89,000	0.10%
Personnel in the United States	Oct. 2, 2007	26.00	64,000	64,000	0.09%
Total			2,521,300	2,521,300	3.64%

Note 24 Provisions

	Group		
	2002	2001	2000 8 mos
Restructuring reserve	3,664	15,907	3,500
Other provisions	162	218	207
	3,826	16,125	3,707
Balance, beginning of year	16,125	3,707	549
Provisions for the year	-	15,918	3,500
Provisions utilized during the year	-12,299	-3,500	-342
Balance, end of year	3,826	16,125	3,707

Note 25 Tax equalization reserves

	Parent Company	
	2002	2001
Tax allocation reserve, 1997 tax year	-	9,112
Tax allocation reserve, 1998 tax year	14,403	14,403
Tax allocation reserve, 1999 tax year	2,767	2,767
Tax allocation reserve, 2000 tax year	2,268	2,268
Total	19,439	28,551

Note 26 Long-term liabilities

All Group and Parent Company long-term liabilities will mature within 1 to 5 years.

Note 27 Accrued expenses and deferred income

	Group			Parent Company	
	2002	2001	2000 8 mos	2002	2001
Accrued payroll expense	18,000	17,046	21,383	-	-
Accrued employer's contributions	11,666	13,472	14,718	-	-
Other accrued expenses	28,837	32,501	16,601	1,224	2,001
Total	58,503	63,019	52,702	1,224	2,001

Note 28 Pledged assets

	Group		
	2002	2001	2000 8 mos
Chattel mortgage in Netch Technologies AB	-	-	10,000
Total	-	-	10,000

Note 29 Contingent liabilities

	Parent Company	
	2002	2001
Contingent liabilities to the benefit of other Group companies	4,334	37,290
Total	4,334	37,290

Note 30 Definitions of key ratios

Equity ratio – Equity, including minority interest, as a percentage of total assets.

Return on total assets – Operating profit/loss after financial items plus financial expenses divided by average total assets.

Return on equity – Operating profit/loss after financial items less full tax divided by average equity.

Profit/loss per share before dilution – Profit/loss after net financial items divided by the average number of shares.

Profit/loss per share after dilution – Profit/loss after net financial items divided by the average number of shares after full subscription of outstanding warrants.

Lund, February 12, 2003

Mikael Karlsson
Chairman

Peter Ragnarsson
President

Dag Tigerschiöld

Patrik Tigerschiöld

Nils Rydbeck

Martin Gren

Jan Wabréus

Östen Mäkitalo

Audit report

To the Annual General Meeting of shareholders of Axis AB
Corporate registration number 556241-1065

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Axis AB for the financial year January 1, 2002 – December 31, 2002. These accounts and the administration of the company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the president, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the president. We also examined whether any board member or the president has, in any other way, acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the parent company and the Group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Lund, February 12, 2003
Öhrlings PricewaterhouseCoopers AB

Anders Lundin
Authorized Public Accountant
Senior Auditor

Dan Andersson
Authorized Public Accountant

Seven-year review

Income statements, SEK 000s	1996/1997	1997/1998	1998/1999	1999/2000	2000, 8 mos	2001	2002
Net sales	393,659	521,715	559,789	695,183	493,651	696,333	670,277
<i>of which Netch</i>	–	–	–	60,703	42,844	20,479	–
Costs of goods and services sold	–194,582	–245,825	–238,835	–323,429	–283,356	–340,754	–286,270
Gross profit	199,077	275,890	320,954	371,754	210,295	355,579	384,007
<i>of which Netch</i>	–	–	–	23,108	–18,109	–5,903	–
Selling costs	–110,512	–174,305	–184,212	–239,229	–186,648	–212,011	–177,522
Administrative expenses	–24,338	–29,446	–36,950	–62,812	–53,483	–66,262	–56,334
Research and development expenses	–49,538	–76,709	–93,657	–144,585	–133,065	–151,052	–117,847
Items affecting comparability	–	25,959	–	–	–	–33,296	–
Other interest income	14,111	–	–	–	–	–	7,354
Other interest expense	–	–3,233	–1,163	–7,358	–2,139	–6,922	–
Result from participations in associated companies	–	–2,865	2,115	–	15	158	–
Operating profit/loss	28,800	15,291	7,087	–82,230	–165,025	–113,806	39,658
<i>of which, Netch</i>	–	–	–	–11,534	–56,877	–30,521	–
Net financial items	–701	–4,117	–6,274	19,901	–5,710	–35,687	11,778
Profit/loss after financial items	28,099	11,174	813	–62,329	–170,735	–149,493	51,436
<i>of which, Netch</i>	–	–	–	–12,409	–58,638	–31,691	–
Tax for the period	–11,660	–1,700	–2,859	18,942	35,790	48,445	–15,581
Minority share in profit/loss for the period	–	–	–	–8,281	27,091	10,941	–
Net profit/loss for the year	16,439	9,474	–2,046	–51,668	–107,854	–90,107	35,855

Balance sheets, SEK 000s	30 April, 1997	30 April, 1998	30 April, 1999	30 April, 2000	31 Dec. 2000	31 Dec. 2001	31 Dec. 2002
Fixed assets	36,109	32,636	37,218	79,420	148,651	136,611	122,434
Inventories	49,369	81,522	77,587	69,887	60,119	46,628	57,944
Accounts receivable – trade	87,075	102,390	102,277	131,996	137,960	106,339	88,385
Other receivables	13,813	17,506	31,427	34,522	73,247	18,828	31,714
Liquid funds	40,509	10,203	–	12,419	195,993	180,773	129,956
Total	226,875	244,257	248,509	328,244	615,970	489,179	430,483
Equity	79,092	87,056	85,010	27,140	379,739	273,014	312,532
Minority interests	–	–	–	9,905	12,125	–	–
Provisions	14,376	12,646	11,342	549	3,707	16,125	3,826
Long-term liabilities	53,587	67,495	79,713	162,822	51,363	50,000	–
Current liabilities	79,820	77,060	72,444	127,828	169,036	150,040	114,125
Total	226,875	244,257	248,509	328,244	615,970	489,179	430,483

Cash flow statements, SEK 000s¹⁾	1997/1998	1998/1999	1999/2000	2000, 8 mos	2001	2002	
Cash flow from current operating activities before change in working capital		2,664	5,932	–79,978	–107,706	–80,502	45,819
Change in working capital		–53,921	–14,493	30,270	–6,287	54,922	–39,006
Cash flow from current operating activities		–51,257	–8,561	–49,708	–113,993	–25,537	6,813
Cash flow from investing activities		14,351	–12,985	–15,232	–38,465	–12,460	–15,404
Cash flow from financing activities		6,870	10,875	77,827	336,032	22,820	–42,226
Cash flow for the period		–30,306	–10,671	12,887	183,574	–15,220	–50,817
Liquid funds at beginning of the period		40,509	10,203	–468	12,419	195,993	180,773
Liquid funds at end of period		10,203	–468	12,419	195,993	180,773	129,956

Operating cash flow, SEK 000s	1996/1997	1997/1998	1998/1999	1999/2000	2000, 8 mos	2001	2002
Profit/loss after financial items	28,099	11,174	813	–62,329	–170,735	–149,493	51,436
Depreciation	5,267	7,233	8,110	13,030	13,344	19,382	13,712
Tax	–16,714	–5,658	–3,870	–1,726	–797	–4,662	–2,069
Total	16,652	12,749	5,053	–51,025	–158,188	–134,773	63,079
Change in working capital	–9,722	–53,921	–14,493	30,270	–6,287	54,922	–39,006
Net investments	–5,849	–17,814	–11,831	–29,634	–38,465	–12,460	–15,404
Operating cash flow	1,081	–58,986	–21,271	–50,389	–202,940	–92,311	8,669

¹⁾ Figures for 1996/1997 not available.

Key ratios	1996/1997	1997/1998	1998/1999	1999/2000	2000 8 mos ¹⁾	2001	2002
Net sales growth (%)	20.2	32.5	7.3	24.2	2.6	-1.6 ²⁾	-0.8
Gross margin (%)	50.6	52.9	57.3	53.5	42.6	51.1	57.3
Operating margin (%)	7.3	2.9	1.3	-11.8	-33.4	-16.3	5.9
Profit margin (%)	7.1	2.1	0.1	-9.0	-34.6	-21.5	7.7
Depreciation (SEK M)	5.0	7.2	8.1	13.0	20.0	19.4	13.7
Equity (SEK M)	79	87	85	27	380	273	313
Capital employed (SEK M)	133	155	165	200	447	339	311
Interest-bearing liabilities (SEK M)	54	67	80	163	51	50	-
Net interest-bearing liabilities (SEK M)	13	57	80	150	-145	-131	-130
Total assets (SEK M)	227	244	249	328	616	489	430
Return on capital employed (%)	30.3	18.3	5.3	-28.8	-74.0	-26.8	16.5
Return on total equity (%)	17.6	11.2	3.4	-18.2	-50.7	-19.1	11.7
Return on shareholders' equity (%)	21.7	11.4	0.9	-111.3	-125.8	-45.8	12.6
Interest coverage ratio (multiple)	5.5	1.7	1.1	-5.4	-14.3	-2.4	24.0
Net debt/equity ratio (multiple)	0.2	0.7	0.9	5.6	-0.4	-0.5	-0.4
Equity/assets ratio (%)	34.9	35.6	34.2	11.3	63.7	55.8	72.8
Share of risk-bearing capital (%)	41.2	40.8	38.8	11.3	63.7	57.4	73.9
Capital turnover rate (multiple)	3.5	3.6	3.5	3.8	2.3	1.8	2.1
Number of employees (average for period)	165	243	313	445	540	439	334
Sales per employee (SEK M)	2.4	2.1	1.8	1.6	1.4	1.6	2.0
Operating profit per employee (SEK M)	0.2	0.1	0.0	-0.2	-0.5	-0.3	0.1
Per-share data	1996/1997	1997/1998	1998/1999	1999/2000	2000, 8 mos¹⁾	2001	2002
Profit/loss per share, SEK per share	0.24	0.14	-0.03	-1.10	-3.89	-2.17	0.75
Cash flow, SEK per share					4.19	-0.22	-0.74
Equity, SEK per share	1.40	1.54	1.51	0.20	5.50	3.96	4.53
Share price at year-end	-	-	-	-	17.50	25.00	18.40
Share price/shareholders' equity, % per share	-	-	-	-	318	631	406
Dividend	0.04	-	-	-	-	-	-
Price/earnings ratio (P/E)	-	-	-	-	-	-	35
Market value/sales (P/S)	-	-	-	-	1.6	2.5	1.9
Total number of outstanding shares on closing day (000s)	56,400	56,400	56,400	56,400	68,900	68,900	68,900
Average number of shares (000s)	56,400	56,400	56,400	56,400	65,775	68,900	68,900

¹⁾ Where applicable, key ratios adjusted for 12 months.

²⁾ Compared with pro forma for 2000.

Definitions

Capital employed

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

Capital turnover rate

Net sales divided by average capital employed share (adjusted to 12 months for 2000).

Cash flow per share

Cash flow for the year divided by the average number of shares (adjusted to 12 months for 2000).

Equity/assets ratio

Shareholders' equity including minority interests as a percentage of total assets.

Equity per share

Shareholders' equity divided by the number of outstanding shares.

Gross margin

Gross profit as a percentage of net sales.

Interest coverage ratio

Profit after net financial items plus financial expenses divided by financial expenses.

Net debt/equity ratio

Net interest-bearing liabilities divided by shareholders' equity.

Net interest-bearing liabilities

Interest-bearing liabilities reduced by liquid funds.

Operating margin

Operating profit as a percentage of sales.

Operating profit

Profit after net financial items as a percentage of sales.

Operating profit after depreciation of tangible fixed assets

Operating profit after depreciation of tangible fixed assets as a percentage of sales.

P/E

Market value divided by profit after full tax.

P/S

Market value divided by net sales (adjusted to 12 months for 2000).

Profit/loss per employee

Operating profit after depreciation divided by the average number of annual employees.

Profit/loss per share

Profit for the period after full tax divided by the average number of shares (adjusted to 12 months for 2000).

Return on capital employed

Profit after net financial items plus financial expenses divided by average shareholders' equity.

Return on equity

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

Return on total capital

Profit after net financial items plus financial expenses divided by the average balance sheet total.

Sales per employee

Sales divided by the average number of annual employees.

Share of risk-bearing capital

Shareholders' equity plus minority interests and deferred tax liabilities as a percentage of the balance sheet total.

Pro forma accounts

During the second quarter of 2001, Axis completed a restructuring that included the sale of its 59 percent holding in Netch Technologies. In order to show the development of the restructured Axis Group, the table below shows a pro forma income statement in which Netch is excluded.

CONSOLIDATED INCOME STATEMENT	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
SEK 000s	2001	2001	2001	2001	2001	2002	2002	2002	2002	2002
Net sales	163,581	168,490	154,688	189,095	675,854	164,037	170,650	167,552	168,038	670,277
Cost of goods and services sold	-84,739	-79,363	-69,021	-81,249	-314,372	-67,801	-74,049	-72,979	-71,441	-286,270
Gross profit/loss	78,842	89,127	85,668	107,846	361,482	96,236	96,601	94,573	96,597	384,007
Selling costs	-53,417	-61,302	-39,343	-49,870	-203,932	-41,605	-45,250	-43,881	-46,786	-177,522
Administrative expenses	-17,038	-16,662	-13,342	-15,523	-62,565	-14,937	-15,281	-12,749	-13,367	-56,334
Research and development expenses	-38,250	-49,797	-30,812	-32,193	-151,052	-31,421	-31,166	-27,054	-28,206	-117,847
Items affecting comparability	-	-20,296	-	-	-20,296	-	-	-	-	-
Other operating income	-	-	-	-	-	2,379	2,686	886	1,403	7,354
Other operating expenses	-2,486	-484	-1,455	-2,497	-6,922	-	-	-	-	-
Shares in pretax profit/loss in associated companies	-	-	-	-	-	-	-	-	-	-
Net operating profit/loss	-32,349	-59,414	715	7,763	-83,285	10,652	7,590	11,775	9,641	39,658
Net profit or loss from financial investments	3,616	8,555	548	-30,126	-34,517	3,007	1,675	4,398	2,698	11,778
Net profit/loss after financial items	-28,733	-50,859	1,263	-22,363	-117,802	13,659	9,265	16,173	12,339	51,436

Quarterly data

Invoiced sales by product group excl. Netch (SEK 000s)¹⁾	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
	2001	2001	2001	2001	2001	2002	2002	2002	2002	2002
Video	52,419	53,562	58,671	73,670	238,322	66,844	74,756	74,146	85,730	301,476
Print	80,821	75,326	70,562	81,828	308,537	71,184	74,044	72,554	60,152	277,934
Scan	8,211	7,904	5,781	3,281	25,176	3,574	3,425	2,704	3,379	13,082
Store	14,130	12,316	10,478	13,720	50,644	8,321	6,129	9,825	7,829	32,104
Access	1,062	677	1,273	2,146	5,158	848	3,087	801	1,059	5,795
Other	6,938	18,705	7,923	14,450	48,017	13,266	9,209	7,522	9,889	39,886
TOTAL	163,581	168,490	154,688	189,095	675,854	164,037	170,650	167,552	168,038	670,277

¹⁾ At the end of 2001, Axis replaced the previous division organization with a functional organization in which sales are reported by product group starting with the first quarter of 2002. The tables show pro forma sales figures for 2001.

Invoiced sales by region excl. Netch (SEK 000s)	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
	2001	2001	2001	2001	2001	2002	2002	2002	2002	2002
EMEA	71,553	87,000	66,359	85,494	310,406	76,790	78,033	70,155	90,925	315,903
Americas	44,579	44,748	51,873	68,576	209,776	44,926	46,971	49,054	39,229	180,180
Asia	47,449	36,742	36,456	35,025	155,672	42,321	45,646	48,343	37,884	174,194
TOTAL	163,581	168,490	154,688	189,095	675,854	164,037	170,650	167,552	168,038	670,277

Glossary

ASIC

Application Specific Integrated Circuit. A circuit designed for a specific application, as opposed to a general purpose circuit, such as a microprocessor. Using ASICs as components in electronic devices can improve performance, reduce power consumption, increase reliability and reduce costs.

Bluetooth

Bluetooth is an open standard for wireless transmission of voice and data between mobile devices (PCs, handheld computers, telephone and printers).

Broadband

High-speed transmission. The term is used to define the speed of communication lines or services and most commonly refers to T1 (1.544 Mbit/s) rates or better, even though the actual rate may be much lower or higher, depending on the application.

CCTV

Closed Circuit Television, also known by the acronym CCTV, is a private video system within a building (or complex) used to visually monitor a location for security or industrial purposes.

CD-ROM

Compact Disc – Read Only Memory. An optical disc that is used to store text, graphics and audio data for computer applications. The contents may not be changed or rewritten.

DVD

Digital Versatile Disc. An optic disc with the same physical size as a CD but with significantly greater storage capacity.

Ethernet

The most common standard for network communication in LANs (Local Area Networks).

IDE

Intelligent Drive Electronics. An interface for storage devices such as hard disks and CD/DVD players.

IEEE 802.11

A family of standards for wireless LANs. 802.11 supports 1 or 2 Mbit/s transmission on the 2.4 GHz band, while 802.11b specifies a 11 Mbit/s data rate on the 2.4 GHz band and 802.11a allows up to 54 Mbit/s on the 5 GHz band.

IP

Internet Protocol. A network and transport protocol used for exchanging data over the Internet. See also TCP/IP.

LAN

Local Area Network. A communication network that serves users within a limited geographic area. The most common type of LAN is Ethernet.

Linux

Linux is an open source operating system within the Unix family. Because of its robustness and availability, Linux has won popularity in the open source community and among commercial application developers.

MCM

Multi-chip module. Several chips packaged in the same module.

MPEG

Moving Picture Experts Group, standards for digital video and digital audio compression. Most known is MPEG 2 in DVD and digital television.

Network camera

A digital video camera with a built-in Ethernet port and a Web server. The compressed digital video from the camera can be immediately seen on all computers connected to the network.

OEM

Original Equipment Manufacturer. This is a designation for a company that supplies products to customers that in turn integrate the products into their own solutions and/or sells them under their own brand names.

PDA

Personal Digital Assistant. A handheld computer that provides a calendar and organizer for personal information. A PDA normally contains at least one database with names and addresses, to-do lists and a notepad.

Print server

A thin server that connects a printer to a network and allows users to share the printer. It may be a separate unit or a plug-in card in the printer.

Protocol

A set of formalized rules that describe how data is transmitted over a network. Low-level protocols define the electrical and physical standard, while high-level protocols deal with formatting of data. TCP and IP are examples of high-level protocols.

SCSI

Small Computer System Interface. An interface standard for fast data transfer.

Server

A computer or software application that provides services to other computers connected via a network. The most common example is a file server that has a local disk and handles requests from clients to read and write files on this disk.

SOC

System on a chip, such as ETRAX 100LX

TCP/IP

Transmission Control Protocol over Internet Protocol. The TCP/IP protocol defines how data can be transmitted in a secure manner between networks. TCP/IP is the most widely used communications standard and is the basis for the Internet.

Thin server

A network-based device that is designed to perform a specialized set of server functions, such as a print server or NAS (Network Attached Storage). A thin server offloads general-purpose application servers and makes using the network more efficient by providing functionality that is easier to install and more reliable than a conventional server.

USB

Universal Serial Bus. An external bus standard for data transfer.

Video server

A video server includes a built-in network connection and a Web server. Its function is to take analog video (PAL/NTSC) from traditional analog cameras, digitize and compress the video signal and make the digital video stream available of a data network.

Board of Directors and Auditors



Mikael Karlsson



Patrik Tigerschiöld



Martin Gren



Östen Mäkitalo



Nils Rydbeck



Dag Tigerschiöld



Jan Wabréus

Board of Directors

Mikael Karlsson

Born 1962

Board Chairman

Board Chairman of Öresund IT Academy. Vice Chairman of the Institute for Economic Research at University of Lund and the Technology Bridge Foundation Lund. Board member of Beijer Electronics AB, Decuma AB, Ruben Rausing Fund, SEB in Lund, Sydsvenska Industri- and Handelskammaren, Visionalis AB and Öresund Science Region. Member of the Royal Academy of Engineering Science and the Advisory Council at the Lund College of Economics. Member of the Board since 1984. President 1984-1999. Chairman since 2000.

Shares in Axis: 18,717,764¹⁾

Warrants in Axis: 0

Patrik Tigerschiöld

Born 1964

Vice chairman

President of Skanditek Industriförvaltning AB. Board Chairman of CMA Microdialysis AB, Vitrolife AB, The Chimney Pot AB and Theducation AB. Board member of, among others, H Lundén Kapitalförvaltning AB, Mydata Automation AB, PartnerTech AB, PBK Outsourcing AB and Skanditek Industriförvaltning AB.

Member of the Board since 2001.

Shares in Axis: 5,000

Warrants in Axis: 0

Martin Gren

Born 1962

Board Chairman of Itact AB. Board member of Innolite.

Member of the Board since 1984.

Shares in Axis: 7,557,471²⁾

Warrants in Axis: 1,000

Östen Mäkitalo

Born 1938

Senior Vice President (SVP), Mobile Business, Telia-Sonera AB. Board Chairman of Centre for Distance-Spanning Technology (CDT) at Luleå University of Technology. Board member of Aaro Systems AB and Goyada AB. Member of the Royal Academy of Engineering Science.

Member of the Board since 2000.

Shares in Axis: 0

Call options in Axis: 5,000³⁾

Nils Rydbeck

Born 1946

Board member of Anoto AB. Member of Advisory Committee School of Management North Carolina State University.

Member of the Board since 1997.

Shares in Axis: 0

Warrants in Axis: 3,000

Dag Tigerschiöld

Born 1942

Board Chairman of LGP Telecom Holding AB and Mydata Automation AB. Board member of Skanditek Industriförvaltning AB, Industriförvaltnings AB Kinnevik and Investment AB Öresund.

Member of the Board since 1986. Chairman 1994-1999.

Shares in Axis: 1,927,600

Warrants in Axis: 0

Jan Wabréus

Born 1941

President of Timelox AB and head of subsidiaries in Assa Abloy AB.

Member of the Board since 1985. Chairman 1985-1994.

Shares in Axis: 0

Warrants in Axis: 3,000

Call options in Axis: 20,000³⁾

Auditors

Öhrlings PricewaterhouseCoopers

Senior Auditor

Anders Lundin, born 1956

Authorized Public Accountant

Assigned to Axis since 1996.

Dan Andersson, born 1956

Authorized Public Accountant

Assigned to Axis since 2001.

Deputy auditor

Gustav Jönsson, born 1950

Authorized Public Accountant

Assigned to Axis since 1984.

¹⁾ Privately and through LMK Industri AB.

²⁾ Through AB Grens specialisten

³⁾ Issued by LMK Industri AB

The Board of Directors' Working Procedures

The Board of Directors consists of seven members elected by the Annual General Meeting. During the fiscal year, seven meetings were held of which one was a statutory meeting and one was a two-day meeting to discuss the Company's strategic focus.

The Board of Directors works with an annual plan for agenda items and is in other respects subject to the special working procedure that the Board of Directors has established regarding the division of responsibilities between the Board of Directors and the President.

The work of the Board of Directors is focused on strategic issues, business orientation, and financial reporting and financing. During the year, general work was conducted regarding business goals and strategies. The Chairman of the Board is leading the Board's work and is also following the business' progress. During the year, the Chairman and one additional Board member have helped in some projects focused on strategy, business development and the process of innovations.

The Board of Directors has appointed a Compensation Committee whose primary assignment is to prepare decisions and guidelines relating to salaries and other terms of employment for personnel, the President and the Board members who

are also employed by the Group. The Compensation Committee has consisted of Patrik Tigerschiöld, Östen Mäkitalo and Jan Wabréus. During the year, three meetings were held.

After some consideration, the Board of Directors decided not to establish a special Audit Committee, but rather to address these issues in the Board as a whole. In line with this, the Board of Directors regularly reviewed the financial position of the Company and the Group during the year. The forms for the purchasing and choice of auditing services for the coming four-year period were thus defined by the Board of Directors. Ongoing purchases, however, were delegated to the Chairman, who conducted purchasing together with the CFO with continuous reporting to the Board of Directors.

Representatives for the three largest owners function as an informal nominating committee together with the Chairman of the Board, who is also Axis' largest owner, as the convening member.

Proposals and comments from shareholders regarding the composition of the Board of Directors may be submitted to the Chairman, either in writing to Mikael Karlsson, Axis AB, Emdalavägen 14, SE-223 69 Lund, Sweden or by telephone to +46-46 272 18 00.

Invitation to the Annual General Meeting

The Annual General Meeting will be held at Edison Park, Emdalavägen 14, Lund, Sweden, on Tuesday, April 29, 2003 at 5:00 p.m.

Shareholders who wish to participate in the Meeting must be listed in the share register maintained by VPC AB (Swedish Securities Register Center) no later than Saturday, April 19, 2003. Due to holidays, however, the share register will be examined on Thursday, April 17. Those shareholders whose shares are registered in the name of a trustee, must ensure that the shares are re-registered at VPC in their own name, so-called voting right registration, a few bank days before April 17, 2003.

Notice to participate must also be made to Axis AB no later than 4:00 p.m., Wednesday, April 23, 2003. At notification, shareholders should provide name, personal identification or corporate registration number, address and telephone number. If participation is by proxy, this document must be forwarded prior to the Meeting. In connection with notification, the number of assistants that the shareholder wishes to bring should be noted. Notification can be made

- in writing to Axis AB, Attn: Eva Rosdahl, Emdalavägen 14, SE-223 69 Lund, Sweden,
- by telephone, +46-46 272 18 00 to Axis' head office, or
- by e-mail: bolagstamma@axis.com

Group management



Executive Group management

Ray Mauritsson

President and Chief Executive Officer as of February 24, 2003. (Formerly Executive Vice President, Platforms and Customized Products)
 Born 1962
 Employed within Axis since 1995
 Shares in Axis: 14,000
 Warrants in Axis: 21,000

Anders Laurin

Executive Vice President, Products and System Solutions
 Born 1960
 Employed within Axis since 1997
 Shares in Axis: 8,850
 Warrants in Axis: 51,000

Jörgen Lindqvist

Executive Vice President and Chief Financial Officer
 Born 1965
 Employed within Axis since 2000
 Shares in Axis: 5,000
 Warrants in Axis: 0

Bengt-Arne Molin

Executive Vice President and Chief Technology Officer
 Born 1958
 Employed within Axis since 1999
 Shares in Axis: 750
 Warrants in Axis: 4,800

Bodil Sonesson

Vice President, Regional Operations
 Born 1968
 Employed within Axis since 1996
 Shares in Axis: 750
 Warrants in Axis: 26,000

Peter Ragnarsson

Left the position as President and CEO on February 23, 2003.
 Shares in Axis: 10,750
 Warrants in Axis: 164,000

Group function managers

Anne Rhenman

Director, Investor Relations & Corporate Communications
 Born 1957
 Employed within Axis since 2000
 Shares in Axis: 200
 Warrants in Axis: 61,000

Bengt Christensson

Vice President, Strategic Alliances
 Born 1960
 Employed within Axis since 1986
 Shares in Axis: 140,750
 Stock options i Axis: 116,750

Kerstin Thulin

Vice President and Chief Personnel Officer
 Born 1948
 Employed within Axis since 2001
 Shares in Axis: 1,000
 Warrants in Axis: 1,000

Kenneth Jonsson

Vice President, Engineering
 Born 1960
 Employed within Axis since 1985
 Shares in Axis: 10,750
 Warrants in Axis: 5,000

Ulf Bonnevier

Director, Marketing
 Born 1957
 Employed within Axis since 2002
 Shares in Axis: 0
 Warrants in Axis: 0

Jonas Hansson

Director, Chief Information Officer
 Born 1967
 Employed within Axis since 2000
 Shares in Axis: 3,750
 Warrants in Axis: 6,000

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