Ray Mauritsson, President:
Continued expansion in a rapidly growing market
Axis in 5 minutes

Axis is the market leader in network video and a driving force behind the shift from analog to digital video surveillance, which paves the way for a more secure, smarter and safer world. Axis offers network video solutions for professional installations featuring products and solutions that are based on innovative and open technical platforms.

Market leader

Axis retained its position as clear global market leader in network cameras and was ranked second in the video encoder supplier category*. During the year, Axis received many international awards for its products and solutions in network video, including for cameras equipped with the so-called Lightfinder technology.


Invoiced sales per region, 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Americas</td>
<td>48%</td>
</tr>
<tr>
<td>EMEA</td>
<td>42%</td>
</tr>
<tr>
<td>Asia</td>
<td>10%</td>
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Sales 2011

Axis’ sales increased by 22 percent in 2011, and by 33 percent in local currencies. Since 2006, Axis’ sales have increased by an average of 26 percent per year.

The business model

A cornerstone of Axis’ strategy is the indirect sales model which is based on loyalty and long-term cooperation. Axis works in partnership with distributors, system integrators and resellers that reach the end customers. There are partners in 179 countries.

45,000 partners

The share

Axis’ share has been listed on NASDAQ OMX Nordic under the ticker AXIS since 2000.

2011

The Axis share increased in value by 13% during the year. The number of shareholders at year-end was 16,597 (17,459).
The global expansion continued at a rapid rate. The number of employees increased to 1,127 (914).

The product portfolio

Axis was the first company in the world to launch a network camera in 1996, thereby initiating the shift from analog to digital technology. Today Axis offers the market’s broadest product portfolio of network cameras, video encoders, software and accessories, and provides a unique global service to end customers in connection with installation and use of the products.

2011
During the year, over 30 network video products were released, including cameras based on advanced proprietary technology for further enhancing image quality, the possibility of seeing in the dark as well as new smart solutions for boosting the penetration of network video in smaller installations.

Axis’ products in the world

Axis’ network video products are used in many environments in order create a safer, smarter and more secure world. It is a question of installations in public places, airports, trains, schools, universities, casinos and banks as well as in stores and on motorways etc.

2011
Installations of Axis’ network video products were carried out within all of the identified end customer segments, with greatest interest within the areas of transport, city surveillance and retail.
The year in brief

> Sales totaled SEK 3,578 M (2,933) M, corresponding to growth of 22 percent.
> Operating profit amounted to SEK 633 M (415).
> Profit after tax totaled SEK 456 M (300).

Events during the quarters 2011

**Q1**
Net sales amounted to SEK 808 M (643).
Operating profit amounted to SEK 126 M (95).

Axis received the award “Listed Company of the Year” from the Swedish business magazine, Veckans Affärer. The world’s smallest pan/tilt/zoom cameras were released, which strengthened the offering of network and good-value solutions for retail, among other segments. Some twenty patents within network communication and image transmission were acquired from Hoya/Pentax, which strengthened Axis’ patent portfolio.

**Q2**
Net sales amounted to SEK 747 M (678).
Operating profit amounted to SEK 90 M (74).

Axis’ products attracted much attention and generated considerable interest at trade fairs around the world, including ISC West in Las Vegas, IFSEC in Birmingham, ISC in São Paolo and MIPS in Moscow. New network cameras were released featuring Axis’ advanced, proprietary Lightfinder technology, which delivers superior image reproduction in poor light and means that the cameras are the most light sensitive in the market. The number of employees passed 1,000 people.

**Q3**
Net sales amounted to SEK 971 M (737).
Operating profit amounted to SEK 225 M (121).

In IMS Research’s report, Axis was still ranked as clear market leader in the network cameras category. In the video encoder category, Axis was ranked number two compared to fourth place in the preceding year. Several of Axis’ partners in the US announced that they have started supplying product offerings built on Axis platform for smaller installations, Axis Video Hosting System (AVHS). Several new network cameras with light sensitive functions were released, which can handle mixed light and deliver sharp images under challenging light conditions.

**Q4**
Net sales amounted to SEK 1,051 M (875).
Operating profit amounted to SEK 192 M (125).

Some of Axis’ suppliers and contract manufacturers in Thailand were affected by large-scale flooding. The effects of the disruptions due to the flooding were minimized by moving production to suppliers with manufacturing facilities at other sites in the world, and by some redesign of the products. The recruitment rate also remained at a high level during the fourth quarter which meant that the number of employees amounted to 1,127 at year-end, corresponding to an increase of 23 percent during 2011. Axis’ Chairman, Lars-Erik Nilsson received the Golden Gavel award (Sw. Guldklubban) in December, which is awarded by the Golden Gavel foundation, a non-profit association established by the Swedish Academy of Directors and Deloitte, which advocates better board work in Swedish companies.


* The board of directors’ proposal
We continued our rapid expansion during 2011. Our team at Axis grew by 23 percent during the year and today has a presence that covers all continents. In particular, our strong growth is being driven by the technology shift from analog video surveillance technology (CCTV) to digital network solutions. Our sales increased by a total of 33 percent in 2011 measured in local currencies.

The long-term nature of our work in research and development has contributed to our very competitive product portfolio. New products released during the past two years, combined with the continuing expansion of our sales organization has meant that we, according to our own estimates, have captured market shares in the rapidly growing network video market. The strategy which is based on the three cornerstones; innovative network video products, well-developed partner network and global presence, has continued to be implemented in an effective way.

Eventful year with high global growth
2011 was a very dramatic year in many ways including several major natural disasters, revolutionary trends in North Africa and the Middle East, a terrorist attack in Norway and financial turbulence driven by high indebtedness in several euro zone countries. Of course, some of the events have a direct connection to developments in the security market where our products are sold. We see that the need for products and solutions that contribute to a safer and more secure everyday life is increasing throughout the world, and that our customers require smart solutions that make their everyday lives easier. The natural disasters in Japan and Thailand mainly affected us on the product and component supply side. Through well-planned processes and some redesigned products, we managed to handle these shortages without any major impact on sales. Naturally, the debt crisis and the financial turmoil particularly in southern Europe also affect our market negatively. Despite this, we could report a relatively stable demand trend in these countries during the year.

Almost all of our markets displayed good growth during 2011. Emerging markets, including the BRIC economies, are continuing to grow rapidly and represent an ever increasing share of sales. Meanwhile, we can be especially happy about the strong sales trend in our largest region Americas.

Major steps forward but also challenges
In most geographical markets network video is now an established successor to analog technology in all

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Security installations with up to 16 cameras
- Analog video
- Network video

Security installations with more than 16 cameras
- Analog video
- Network video

Today the market for smaller installations of less than 16 cameras largely consists of analog cameras. The potential for installations of network cameras is huge, as it is predicted that customers in this market will choose network video solutions as there are significant benefits, such as easy installation and the fact that handling of image material can occur in a cloud-based solution.
Release of innovative products and continued expansion means that we have captured market shares.
Pioneering products and solutions
The network camera celebrated 15 years during 2011. Axis introduced the world’s first network camera in 1996, but it was just during the last seven years that the security industry embraced this technology in earnest, as a successor to traditional analog CCTV systems. The year before Axis’ first camera was released, Bill Gates in a speech spoke about a future with “information at your fingertips”. Today it has become a reality for all of us as we are continually connected through our smartphones and tablets. We are now also seeing that this established infrastructure and development of cloud-based services is entering the video surveillance market where Axis’ above-mentioned AVHS platform is an offering in the area.

Fifteen years after the introduction of the first network camera, we also see a high rate of innovation in functions that are directly camera-related, such as image quality. At Axis, for example, we have focused on development of new, pioneering technology in order to further enhance image quality. During 2011, this resulted in the release of a new generation of products featuring the market’s most light sensitive cameras equipped with Lightfinder technology, offering high image quality even in very poor and demanding light conditions.

Long-term growth potential
A long-term approach defines Axis’ operations in many ways. Our strategy is based on organic growth with a focus on our strong core values – Act as one, Always open and Think big. Another example of our long-term approach and ambition to create sustainable growth is our various sustainability initiatives. We aim to promote good sustainability practice and follow high ethical standards, reduce the environmental impact of our activities and help our partners to do the same. Progress in this area is reported in a separate Sustainability Report.

The network video market still has good long-term growth potential. In ten years’ time, this market can easily be ten times larger than today. Although the near-term market trend is uncertain, this long-term potential means that we can be optimistic about continuing our expansive growth strategy with a high rate of recruitment and establishment in new countries.

Ray Mauritsson
President & CEO
**Axis' operations and goals**

Axis is the market leader in network video and a driving force behind the shift from analog to digital video surveillance, which paves the way for a more secure, smarter and safer world. Axis offers network video solutions for professional installations featuring products and solutions that are based on innovative and open technology platforms.

**Axis’ business mission** is to be the driver of the shift to network video and offer customers all the benefits of complete intelligent network video solutions. Axis develops products and solutions for a smarter, safer and more secure world where countries and companies can offer security for their citizens, employees and customers. The customers are found within many areas, but Axis has chosen to focus on a number of end customer segments: transport, retail, education, banks, city surveillance, healthcare and industry.

**Overall financial goals**

The conditions for a long-term increase in shareholder value shall be created through growth, continued good profitability and a stable financial basis.

<table>
<thead>
<tr>
<th><strong>Long-term goals</strong></th>
<th><strong>Outcome 2011</strong></th>
<th><strong>Comments</strong></th>
</tr>
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<tbody>
<tr>
<td>Total average annual growth of at least 20 percent</td>
<td>Axis achieved growth of 22 percent during the year. The average annual growth during 2006–2011 was 26 percent.</td>
<td>Axis estimates that growth was higher than that of the market. Axis has thus strengthened its position as a market-leading supplier of network video products.</td>
</tr>
<tr>
<td>Profit margin of at least 10 percent</td>
<td>Axis reported a profit margin of 17.6 percent. During the period 2006–2011, the profit margin averaged 17.1 percent.</td>
<td>Axis exceeded the profit margin target for the sixth consecutive year.</td>
</tr>
<tr>
<td>An equity/assets ratio in excess of 50 percent.</td>
<td>The equity/assets ratio amounted to 47.5 percent at the end of 2011.</td>
<td>The result is in line with the objective.</td>
</tr>
</tbody>
</table>
Market-leading strategy

Axis shall drive the technology shift towards network surveillance solutions by development and marketing of high-quality innovative products, strong global cooperation with partners while maintaining the corporate culture. The overall goal of strengthening the market-leading position in the network video market shall be achieved through the following strategies for the three areas partners, products and global expansion.

### Strategy

Axis shall maintain an offensive release rate and offer new products and solutions designed for professional installations within the security sector and for improving operational efficiency.

Axis shall understand the customers' needs and meet them with the latest innovative products in the market.

Axis' network video solutions shall be scalable, flexible, cost-efficient, intelligent and deliver enhanced flexibility and high performance.

Axis' product portfolio shall be supplemented with software applications in order to offer customers effective standardized video applications and remote monitoring systems.

Axis shall maintain its leading technological position through continued focused investments in research and development. The basis consists of platforms which ensure high quality and performance in all products.

Axis' products shall be manufactured in collaboration with partners that are specialized in contract electronics manufacturing and that comply with the requirements of Axis' Code of Conduct.

### Goal fulfillment 2011

Axis released about thirty innovative products and offers the market’s broadest product portfolio of network cameras, video encoders, software and accessories. During the year, Axis advanced its offering within global service to partners and end customers in order to support installation and use of the products.

Axis has developed proprietary technology with the aim of further improving image quality, which resulted in the release of a new generation of surveillance cameras with exceptional performance, for example, through the Lightfinder technology.

Axis has developed a unique solution that integrates technology for local storage of information in the network cameras. New, smart solutions have been introduced in order to boost the penetration of network video in smaller installations.

The collaboration with 900 selected application developers, Application Development Partners (ADPs), has continued and led to the release of several intelligent applications that boost commercial benefit for end customers. As a complement, Axis also offers software adapted to smaller installations.

Axis' research and development operations accounted for 13 percent of sales. Focus has been on proprietary technology platforms, continued improvement of image quality and development of network video products that are easy to install and integrate in other systems.

Axis has continued to develop cooperation with contract manufacturers in order to optimize product supply. In this way, Axis has been able to take measures to swiftly minimize the impact on production and deliveries of the natural disasters in Japan and Thailand in 2011. During the year, Axis implemented a Code of Conduct at contract manufacturers and strategic subcontractors.

As market leader in network video products, Axis develops and markets a broad, innovative and focused product portfolio of high-quality network video products and offers the latest technology within the network video field.
Operations and goals

Axis has continued to add partners to the various partnership programs. The focus in the Americas and EMEA regions has been on advancing cooperation with existing partners, while in the Asia region it has been on adding new partners. Partners have been continually informed about Axis’ sustainability work.

Axis’ network products have been installed within all segments. Specialist competence continued to be developed within the end customer segments retail, city surveillance, banks & finance and transport.

During the year, 5,000 partners participated in “classroom training” within the framework of Axis Communications Academy and more than 7,000 took part in web-based training and webinars. In the US market, Axis introduced the industry’s first certification program within network video.

Axis is expanding its operations and increasing its presence through recruitments in existing offices and by establishing a presence in new geographical markets. Axis acts as a global actor for a sustainable society.

Establishments of local offices have been carried out in a number of different places throughout the world. At year-end, Axis had its own employees in almost 40 countries.

The recruitment in R&D and the sales organisation continued at a high rate and on 31 December 2011, Axis had 1,127 employees, an increase of 23 percent.

Axis has compiled a sustainability report which follows the guidelines of the Global Reporting Initiative (GRI) at level C.
When the train is on time, the rest of the day also goes well.
Transport

Efficient public transport provides security

People in Munich like to travel by public transport. Every year over 500 million journeys are made using the city’s modern buses, trams and subway trains in a comprehensive route network that extends over all parts of the city in Southern Germany with several million residents. The public transport system is owned and operated by Münchner Verkehrsgesellschaft (MVG), which not only wants to give citizens modern and efficient modes of transport but also to ensure that they can travel securely and safely. It was therefore important to take the decision, by public procurement, to equip 358 subway trains and 88 trams with an efficient video surveillance system. One of the requirements for the new surveillance system was that it could be integrated with existing systems, including for operating subway services. In addition, the cameras should be compact, easy to install and configure and have good enough image quality to allow video to be used as evidence in possible lawsuits.

As the leading company in network video, Axis had the solution. A network camera that is acknowledged as robust and delivers high image quality even in the case of powerful vibrations or high humidity. By connecting the cameras to an alarm center, personnel can turn out as soon as an incident occurs.

A continued extension of video surveillance in the city's transport system is appreciated by the traffic authority MVG as well as the police. The network cameras contribute to crime prevention and facilitate criminal investigations and identification of suspects. And all of the city’s commuters can feel more secure and safer with their choice to travel by public transport and leave the car at home.

"Naturally, the better the image quality, the greater the chance of a successful investigation and identification"

Harald Pickert, Head of the Criminal Division, Police headquarters, Munich

What is happening in the transport segment?

Patrik Anderson, Axis: We see a gradual shift from passive, analog surveillance systems to real-time controlled digital systems. The need to counter vandalism, personal theft and threats against both passengers and drivers is increasing in public transport systems throughout the world. By deploying a network system, you get the scalability required for effective surveillance of traffic in a city – on board buses and trains, at bridges, tunnels, railways and in stations. Needs are extensive among users and this imposes demands for cameras that can endure tough outdoor environments. In addition, projects in the transport sector are often complex and it takes a long time before the cameras are actually in place.

What is Axis doing to contribute to the development?

For public transport there is a specific need, at airports the needs are completely different. Building up specialist knowledge within the transport sector has been a prioritized area at Axis during the past year, for the purpose of increasing customer benefit and accelerating the technology shift within the segment. The mission is to train the target group by participating in trade fairs and in various trade associations, such as the SECUR-ED project which started in 2011. This body has the goal of establishing a standard for video surveillance within public transport systems in Europe, with a focus on creating a better basis for police identification work. Axis is the only representative from the camera industry in the organization.

Axis has produced a series of different products and solutions that meet end user requirements, including thermal cameras for detection in darkness, perimeter protection at railways, technology for seeing colours in poor light and cameras that can be adapted to so-called corridor format in order to more efficiently monitor long vehicles such as trains, buses etc. In the transport sector, a security installation means that employees can feel secure during their working day and that passengers feel secure during their journey from work, football match or school.
Digital shift in a rapidly growing market

The market for network video is growing rapidly in line with increasing needs for surveillance solutions. Axis is market leader in network video and is well-positioned to take advantage of the growth opportunities. During 2011, demand for network cameras increased in all regions and end customer segments, with especially strong growth within transport, retail and city surveillance.

The trend in the video surveillance market is driven by increased prosperity, urbanization and greater security considerations. In addition, the general acceptance of cameras is increasing as people feel more secure and safer. More stringent legal requirements from public authorities on camera surveillance within specific areas also generate new opportunities, for example, decisions regarding increased surveillance of cities or nature areas. The right to feel safe and secure is one of the most important basic principles in society and surveillance systems play an important role in this context.

The technology shift is driving demand

The market for network video products is showing rapid growth. Demand for video surveillance solutions within the security sector is growing throughout the world while the ongoing shift from analog to digital technology is driving demand and opening up entirely new opportunities in the design of security systems. The many advantages of network cameras, for example, easy installation in networks, high image quality (HDTV), light sensitivity and the possibility of remote monitoring means that the closed systems must gradually give way to open and fully integratable systems. By 2015, network cameras are expected to have increased to just over 50 percent of total new camera sales, from the current level of approximately 30 percent. The global annual growth of network video is estimated at 25–30 percent in the coming years.*

Network video increasing in smaller installations

Most of the total market for video surveillance consists of smaller installations such as individual store owners, hotels and offices. Unlike larger and more complex installations, fewer smaller installations have digital video surveillance, but the need for better image quality among other things is driving demand for network video at an increasingly rapid rate. The development of various cost-efficient solutions for smaller installations such as Axis Video Hosting System (AVHS) is also contributing to a more rapid shift to digital video surveillance. AVHS means that the customer does not necessarily need to buy a server for data storage but instead purchases a service from a service provider in order to gain real-time access to both video and storage.

The trend in different markets

At a global level, growth within network video is predicted in all geographical regions. Growth varies depending on various factors in the individual markets, such as the need for surveillance, infrastructure and legal requirements. In emerging markets in Latin America, Africa and Asia, areas with low digital surveillance penetration rates are expected to display higher growth than others, as people there will choose a digital system directly. The markets are benefitting from the major development of infrastructure for example. There is also a considerable need for new cameras in connection with larger international sporting events and trade fairs. For instance in Brazil, installations of network video are being prepared in airports, hotels, arenas and in critical urban environments ahead of the football World Cup in 2014 and the Olympics in 2016. The technology shift has come a long way in North America and the growth rate is expected to continue to be positive and stable. Mature markets in Europe and the Middle East are displaying high levels of IT maturity and good knowledge of network video which favors the continued growth of digital surveillance.

Today the highest penetration of network video is in the Nordic region and the Middle East, which are markets with a low level of video surveillance historically. The installations of security systems carried out in recent years have often been digital and the positive reception of these has contributed to a rapid increase in demand for network video among more and more users.

The UK and China are the markets with the lowest share of network video, but at the same time are well-monitored through a comprehensive installation base of analog systems. The UK has the most cameras per head of population and there are major manufacturers of analog systems in China. In recent years, the shift to digital systems has begun to gain momentum in both markets, driven first and foremost by a greater need for better image quality.

The trend in different end customer segments
Aside from security installations, growth is expected in new fields of application for network video. This trend is partly connected to the fact that a maturity phase has commenced in certain end customer segments. Customers have started to ask for solutions that have not existed in the market before, for example technology that is capable of seeing clearly in different poor light conditions as well as intelligent functions for increased commercial benefit such as inventory management and measurements of customer behavior within retail.

Retail is the largest end customer segment within video surveillance and the trend shift has accelerated in recent years. The strongest development is taking place in mature markets in Europe and North America. For many customers, digital video surveillance not only means the possibility of less shrinkage and a more secure working environment but also a possibility to increase the commercial benefit. The analog camera systems that are already installed in many of the stores cannot meet this need, while network video offers great freedom of movement as surveillance can take place via smartphones and notebook computers.

Healthcare and education are the most penetrated end customer segments, a state of affairs that applies globally. A driving factor is that there are often existing networks installed in the buildings where these types of activities are conducted. There is a large degree of access to network video at larger universities and campuses around the world.

Transport is the segment that has grown most rapidly in recent years. Growth has been high in essentially all markets, among other things as a result of an increased security need linked to concerns about terrorist attacks.

Banks is the segment that first embraced video surveillance and today has a large base of installations. Analog systems still dominate but demands for better image quality have led to a rapid increase in demand for network video, where HDTV quality is becoming an increasingly common requirement, among others.

Increased competition
The rapidly growing network video market is attracting more and more players which is leading to increasing competition. Several of the companies, such as Sony, Pelco, Panasonic and Bosch, that were previously strong within analog camera surveillance, are now gradually converting their product offerings to network technology. All in all, it is estimated that there are more than 300 different brands worldwide within the field of network cameras.

Strong position for Axis
The potential of Axis’ network video products is largely based on the ongoing technology shift from analog surveillance systems to network video solutions. In IMS Research’s latest report, Axis is still ranked as clear...
Market leader within network video, a position Axis has held since the introduction of the market's first network camera in 1996. Among global suppliers of all video surveillance equipment, Axis is ranked as the seventh largest supplier. In video encoders, which are an important product for accelerating the shift from analog to digital surveillance, Axis has strengthened its position and is now ranked as number two compared to fourth place in the preceding year.

Close cooperation regarding projects
Axis has an indirect sales model, which means that sales take place via distributors that sell on to system integrators that in turn reach the end users. The installations have become more comprehensive in recent years and more cameras are specified in each individual installation. Axis’ cooperation with system integrators in respect of planning and design work implies considerable insight into and greater understanding of the environments that the cameras shall be installed in. During the year, Axis was involved in and shared its knowledge of network video in projecting on buses, at railways and in stations, within retail and also within the banking system.

Axis in different segments
Axis has identified a number of end customer segments with good growth potential. Global specialist competence has been built up in three of the segments – transport, retail and city surveillance – which together with banks are also the largest segments in the market. Installations of video surveillance within these end customer segments are often complex and with a growing need for solutions that facilitate identification and discovery. During the year, demand has increased within all end customer segments, and with particularly strong interest evident within transport, retail and city surveillance. When it comes to users that need systems with fewer cameras, this large market consists of many different customer segments with varying needs. Axis has identified certain segments where the users need surveillance systems that are easy to manage and mean for example that traders and hotel personnel can focus on their customers. Focus lies on providing a cost-efficient and attractive offering for hotels, offices and retail.

Axis’ regions
Axis’ operations are reported on the basis of the three regions EMEA (Europe, Middle East and Africa), Americas (North and South America) and Asia. Axis’ sales trend has been positive during the year in all regions. Most of Axis’ sales take place in mature markets such as North America and Western Europe but Axis is growing rapidly in emerging markets in Asia, Eastern Europe, Africa and Latin America. In order to grow successfully in these markets, Axis is building up local competence and developing long-term and strong relationships with different partners and end customer segments. The propensity to change among customers in emerging markets is often strong, which facilitates direct installations of digital systems.

The US market reported very good successes during 2011.
Fredrik Nilsson, Axis General Manager in the US, answers a few questions.

Axis has a market-leading position within network cameras in the US. What is the reason for the success?
In recent years, the work in North America has focused on retaining or boosting market shares and a number of factors explain why we have been so successful. The most important reason is that Axis invested in developing the right products and at the same time built a very scalable channel program with partners that sell Axis’ products. We also have a fantastic loyal and well-educated workforce in our region of almost 150 people who are passionate about network video and supporting our customers.

Is the shift to network cameras proceeding more rapidly in the US compared to the rest of the world?
The market research company IMS Research’s report “The World Market for CCTV & Video Surveillance Equipment” shows that Axis is the leading supplier of surveillance cameras in the North American market. As market leader, Axis is naturally accelerating the shift to IP technology. An important contribution to this is our long-term training programs, including the Axis Communications Academy program, and that Axis is the first company in the industry to have introduced a certification program for partners. We have also taken charge communicatively as a leader of the industry with an average of one article per week in important media.

Within which customer segments do you see the greatest interest for Axis’ network video products in the North American market?
We continue to see a strong interest from the education sector, which has been strong for many years thanks to IP video’s unrivalled scalability. Public authorities have also shown interest in network video, but then mainly on account of the superior video quality. During 2011, the transport and retail customer segments have also started to really gain momentum, which is a consequence of focused business development on the part of Axis.
Spontaneous dance
Close to Plaza Dorrego
Buenos Aires 16.35
Americas region in focus

Axis is growing rapidly in the Americas region, which covers North and South America. Growth during the year amounted to 40 percent after a continued rapid shift to network video in North America and a broad increase in demand in the South American markets.

In North America, customers to a large extent have carried out installations of Axis’ network video products, particularly in schools, airports, retail and public authorities. During 2011, the focus was primarily on boosting the penetration within transport and retail through closer cooperation with major system integrators that work towards these segments. Axis’ strong product portfolio and continuous training of partners in the benefits of network video are some of the reasons for the continued positive development in North America. In the US, Axis introduced the industry’s first certification program within network video. Last fall, in the same market, Axis organized one of its largest partner conferences ever, bringing together more one hundred participants.

Axis has had a presence in the US since the late 1980s and today enjoys a clear market-leading position within network video with approximately 150 employees in a number of offices, providing a local presence all over the country. Axis opened its first office in Canada in 2010 and since then has successfully developed and trained partners. During 2011, Axis also opened its first office in the Mexican market, in Mexico City, and the interest for Axis’ offering has been strong since the start. Interest for Axis’ solutions for smaller installations, AVHS, has started to gain momentum in the region after service providers such as EMC, ADT, Stanley and Niscayah introduced product offerings based on this platform.

In South America, a rapid increase in acceptance and use is taking place in relation to network video products. Axis established its first office in São Paulo, Brazil in 2008 and has subsequently opened local offices in Argentina, Colombia and Chile. Brazil and Argentina are the largest markets in the region. Demand for network video products relates mainly to installations within transport and public authorities, including for critical infrastructure such as airports and train stations, but retail is also showing a rapidly growing interest. Apart from comprehensive sales activities, Axis will rapidly boost the number of partners in the region and continuously train them. During the year, the expansion of the partner program continued and over 1,000 people were trained within the framework of Axis Communications Academy.

<table>
<thead>
<tr>
<th>Local presence in the following countries</th>
<th>Argentina</th>
<th>Brazil</th>
<th>Canada</th>
<th>Chile</th>
<th>Colombia</th>
<th>Mexico</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>166</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focused customer segments</td>
<td>Education, public authorities, retail, transport</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>SEK 1,740 M (1,373)</td>
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Axis' solutions create new opportunities in everyday life.

At your school
Vandalism at schools has been shown to decrease when surveillance cameras are installed. Network cameras’ advantages, such as scalability and easy installation suit schools, universities and other educational organizations as the infrastructure is often already in place.

Where you shop
Network cameras in stores offer shop proprietors a good overview of e.g. warehouses or stores situated in other geographical locations. The cameras can also identify customer flows and customer behavior which may be used to adapt the store and boost sales.
In the city
Plaza Santa Ana
Madrid 3.12 p.m.
EMEA region in focus

The EMEA region includes Europe, Middle East and Africa. Despite major economic problems in several countries, the region displayed a stable sales trend over the full year. Sales increased by 26 in total in 2011. A general increase in interest for security installations and for Axis' new solutions featuring cost efficient installation and high image quality, are some of the reasons behind the trend. During the year, Axis established a presence in Finland, the Czech Republic, Hungary, Turkey and Saudi Arabia.

EMEA covers a large number of countries with different structures, laws and regulations. Axis adapts resources and efforts based on the local conditions with the intention of continuing to grow in all parts of the region. Many of the countries in the southern part of the region are suffering severe macroeconomic problems but are showing a strong interest for network video despite this. Installations of Axis' products in this part of the region have been mainly carried out within city surveillance, banks and transport. Countries in the eastern part of the region and the Middle East are continuing to show a greater interest for network installations. During the year, Axis established a presence and employed sales people in Saudi Arabia and Turkey with the aim of taking advantage of the strong development in these markets. In Northern Europe, demand for network video is increasing, particularly in transport and retail. In the UK, which has a large base of installed analog installations, training of the market and needs for better image quality have led to a rapid increase in interest for network video. Russia showed very strong growth during the year. Axis' sales have increased more rapidly than market growth and it therefore estimated that Axis has captured market shares. It is mainly within transport (trains, airports) and city surveillance that strong interest has been displayed for installation of network video products.

Axis is active across the entire region and participates in trade fairs, arranges road shows and major partner events, and also continues to provide training within the framework of Axis Communications Academy. Interest to participate in Axis’ partner program is strong and new partners are being added particularly in the rapidly growing economies in Africa, the Middle East and Eastern Europe.
Day off
At the market
Hong Kong 9.18 a.m.
Asia region in focus

The Asia region extends over a large geographical area from China in the north to New Zealand in the south. In recent years, the region has displayed a high growth rate driven among other things by an increasingly rapid technology shift with heavy demand in most end customer segments. During 2011, Axis’ sales in the Asia region increased by 27 percent. The competition is intense in the region as it is the home market for several of the major global players within video surveillance, such as Panasonic, Sony and Samsung but also because there are locally established competitors such as Chinese-based Hikvision, for example.

The large-scale geographical spread implies considerable disparities in cultural values, which impacts decisions regarding installation of cameras. Despite the diversified market there is a widespread and growing interest in network technology and professional surveillance solutions. During the year, Axis’ products were installed in security installations in schools and universities, within industry, in public places and in the transport sector. Installations in city surveillance are growing rapidly in the Philippines, Vietnam and in India, among other countries.

In China, the shift from analog to digital video surveillance gained momentum during the year, mainly due to the better image quality that comes with network video. Axis has four offices in the country with over 30 employees and is growing rapidly in this large and important market.

In Japan, Axis has intensified its marketing efforts which resulted in increased market shares.

Axis is focusing on sales activities in the entire region and on expanding the number of partners in rapidly growing markets. In 2011, about a hundred new partners were added to Axis’ various partner programs. Apart from training programs within the framework of Axis Communications Academy, a road show was conduct-
ed in nine cities in China and Japan which attracted 1,500 participants to listen to a presentation about Axis and the benefits of network video.

Axis’ solutions create new opportunities in everyday life.

When you carry out transactions
Network cameras at entrances and over counters increase security for staff in banks and exchange offices. Installations of network cameras are becoming increasingly common in the banking sector as the technological benefits such as better image quality are helping to outcompete existing analog systems.

In your city
Camera surveillance helps to improve security for citizens in particularly vulnerable places and video can facilitate the production of evidence if a crime has been committed. Network cameras are gaining more and more functions that make it easier to identify and discover both people and objects.

End customer segments

Banks

City surveillance

<table>
<thead>
<tr>
<th>Local presence in the following countries</th>
<th>Australia, Hong Kong, India, Japan, China, Korea, Malaysia, Singapore, Taiwan, Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>107</td>
</tr>
<tr>
<td>Focused customer segments</td>
<td>Education, industry, city surveillance, transport</td>
</tr>
<tr>
<td>Sales</td>
<td>SEK 459 M (300)</td>
</tr>
</tbody>
</table>

10 % of sales
Late in the evening, but the streets feel secure.

New York, US
10.57 p.m.
City surveillance

Closer to the vision with safe and secure city surveillance

Decision makers in the South Korean city of Pyeongtaek are doing everything they can to realize their vision to become a leading cultural city. Top of the list for achieving this is the security and safety of citizens. Improvement of the city’s security system has therefore been viewed as a necessity in order to be able to create an increased sense of security for both the local population and all foreign visitors.

The city management first considered investing in an expansion of the existing analog surveillance system, but quickly realized the limitations as regards how large an area could be monitored effectively and the difficulty of integrating with other systems. An IP security system with network cameras delivered all these benefits, and also at a lower cost, and Axis’ extensive experience from similar installations around the world made the choice of supplier easy. In the initial phase, the existing analog cameras were retained. Axis’ video encoders were installed in order to digitalize the video streams and thereby the benefits of an IP video surveillance system could be taken advantage of. In places in the city without cameras previously, network cameras were installed immediately.

The decision-makers in Pyeongtaek are well on the way to realize their vision. In the meantime, they are benefitting from a secure and cost-efficient video surveillance system from Axis that is helping to ensure that the citizens of the city can calmly and safely focus on enjoying all the cultural events on offer.

“Axis’ network cameras and video encoders have meant a sharp improvement in the quality of surveillance”

Spokesman for the city of Pyeongtaek

What is happening in the city surveillance segment?
Andrea Sorri, Axis: Today there are 1,054 cities in the world with more than 500,000 people, and this corresponds to about 1.7 billion people. These people need a safe and secure urban environment, and of course the faster cities grow the greater the need for surveillance as crime tends to rise with size. Particularly in emerging markets, where urbanization is extra swift, we see more and more clients that are choosing digital technology directly, while in mature markets a gradual conversion from analog to digital systems is taking place in line with a growing need to create a safer and more secure urban environment. The police are really asking for the same thing regardless of country or continent – to gain better tools for identifying suspects and discovering crimes in time. The benefits offered by network video, such as better image quality and real-time surveillance, assist the police in this work.

What is Axis doing to accelerate this development?
We work to continually train partners, end customers and different interest groups in the benefits of network video for safer city surveillance. In the past year, we have also established an organisation for specialist knowledge in the segment in order to implement solutions more rapidly, for example that facilitate the work of the police in combating crime.

Axis’ solutions for city surveillance are suitable regardless of the size of the city, and today our cameras are installed in more than 500 cities throughout the world. Thermal cameras, technology for seeing better in poor light, cameras that endure both blows and tough weather conditions and that can emit an alarm when an incident occurs are of course parts of Axis’ offering that are highly appreciated by end customers. It is of course about functions that increase the possibility of identification and thus the likelihood of solving crimes, which contribute to a more secure life situation for an ever increasing urban population all over the world.
Cooperation for a safer world

Axis is growing rapidly within network video in conjunction with 45,000 partners in 179 countries. Through various programs and training courses, Axis supports its partners with the aim that the security installations of end customers should be at the cutting edge. Partnership gives Axis valuable knowledge and insight into needs and opportunities in individual markets as well as in prioritized end customer segments.

An important part of Axis’ strategy is the company’s indirect sales model which is based on loyal, long-term cooperation. Axis works in partnership with distributors in each country and with system integrators and resellers that reach the end customers. The two-stage model creates loyalty and scalability in the sales organization and proximity to customers, which gives competitive advantages.

The first stage in the business model

Axis’ sales take place to a handful of distributors in each country. The distributors, which are active in the cable, security or IT industry, stock the products and supply them to system integrators and resellers in line with their sales to end customers or build up of inventories. Axis collaborates with global companies such as Anixter, ADI and Azlan/TechData as well as with domestic distributors. Axis cooperates with storage partners such as EMC in order to be able to offer video surveillance as a service (AVHS) for customers that have or shall install smaller-scale installations. These offerings were introduced during 2011 and will be further developed in collaboration with different partners around the world.

Loyalty in Axis Channel Partner Program

Axis Channel Partner Program is designed so that partners are able to create business opportunities from Axis’ leading position in the rapidly growing network video market. All system integrators and resellers that do or want to do business with a distributor offering Axis’ products can participate in the program. The program is open to all and this creates loyalty and results in a cost effective and scalable sales model for Axis. Axis provides its partners with support when making offers and in other contacts with the end customers in the form of technical support. The participants also receive information about product releases, access to marketing material as well as the opportunity to participate in Axis’ exhibits at fairs. An important and growing part of the program is training within network video.

Classification of partners

Partners within the framework of Axis Channel Partner Program qualify for different levels as regards benefits within sales support, marketing, technical support and product training.

Authorized partner
This level is open to all companies that sell Axis’ network video products and that buy from one of Axis’ distribution partners. Axis offers authorized partners a number of basic benefits in order to promote successful sales.

Silver partner
System integrators that offer overall solutions, including onsite installation, support and demo equipment are classified as silver partners and receive additional benefits. Partners at this level have also participated in training within the framework of Axis Communications Academy.
Gold partner
Partners at this level have completed the second level of Axis’ training and have shown exceptional business results, measured in revenues and training goals. Gold partners are involved in sales of Axis’ network video products and have the ability to cope with the most challenging requirements in the end users’ security installations.

In addition to the channel partner program, Axis works actively with a number of other programs; ADP, TPP and A&E. These aim to offer end users comprehensive solutions for their surveillance systems.

Collaboration for more secure solutions
Axis collaborates with about 900 software developers, so-called Application Development Partners (ADPs), a key element of Axis’ investment in the professional network video market. ADP companies develop application software which supplements Axis’ proprietary software offering, providing the end customer with access to a large number of applications covering many different needs and contributing to more secure and more efficient video surveillance.

Participation in the Axis ADP program gives software developers the possibility of fully integrating Axis’ network video products into end customer solutions via components such as VAPIX, AXIS Camera Application Platform, open platforms, technical documentation and dedicated development support. Axis’ market offering is broadened through this cooperation and the majority of all installed network cameras are used in conjunction with software from one of Axis’ ADPs.

Technical competence for better design
Axis also offers a program intended for consultants, the

Architecture & Engineering program (A&E). The program means that the engineers and consultants who design and specify IP security systems gain access to advanced and user-friendly tools and training. The goal is that the consultants specifying products in security installations should have good knowledge about network video. These consultants are mostly common in the US and UK markets.

IT project support
Axis has introduced a Technology Partner Program (TPP) which connects the other programs, in order to make it easier for companies that supply infrastructural components for digital video surveillance systems. Technology Partners may be industry-leading infrastructure companies and Axis cooperation with these companies shall ensure compatibility in security installations for end users. Technology partners and Axis can together identify market value, such as better functionality and performance, and also share information and conduct training.
Axis Communications Academy
Axis wants to grow in collaboration with its partners both commercially and as regards knowledge. Training of market participants is thus an important component. In the ambitious training program Axis Communications Academy system integrators and resellers are trained in the benefits of network video generally and of Axis’ products in particular.

Comprehensive choice
During 2011, approximately 5,000 partners participated in classroom training and more than 7,000 took part in web-based training and webinars. Since the program started in 2005, more than 25,000 participants have been trained. The training programs cover various levels and directions depending on previous knowledge and needs. Apart from offering a base choice of programs and an advanced choice, Axis can tailor training programs for larger customer segments, among others. During 2012, strong focus is being placed on offering more diversified training programs that meet the new needs in the market.

Classroom training all over the world
There are more than 70 trainers within Axis’ global sales organization who conduct classroom training for partners in different countries. In these sessions, participants receive tools and know-how in their native language about network video through the entire sales chain from demonstration to installation and support. The training is based on the knowledge that Axis possesses about the market and the issues facing customers in choosing a network security solution and Axis’ offering.

Global certification program within network video
During 2011, Axis introduced a global certification program in network video aimed at establishing a new standard within the industry, and thus ensuring that employees of partners and resellers have adequate levels of knowledge. In order to become an Axis Certified Professional it requires industry knowledge within system design and to pass the Axis Network Video Exam. The test is conducted at an authorised independent institution. Since the introduction, the program has been successfully introduced in the US and Canada and will be gradually implemented in the rest of the world during 2012.

In North America, Axis has worked with a certification program since 2010 aimed at ensuring that Axis partners have the right knowledge about the network video market. A test is administered by an authorised independent institution in order to be called Axis Certified.
Since the introduction of the first network camera in 1996, Axis has supplied the market with a number of award-winning network video products featuring pioneering technology. During 2011, over 30 products were released. A strong focus during the year was placed on further improving image quality, which resulted in the release of a new generation of surveillance cameras with exceptional performance. New, smart solutions were also introduced in order to boost the penetration of network video in smaller installations. Axis always strives to develop network video products that can meet the needs of the market regardless of region or customer segment.

In recent years, Axis has released – as the first company in the world – thermal network cameras, products that can cope with extreme heat and cold, discreet cameras that can pan over a large area and cameras that deliver HDTV quality images. With the new innovative products and solutions released during 2011, Axis is further strengthening its market-leading position in the rapidly growing market for digital video surveillance. In addition, Axis provides a unique global service to partners and end customers in order to support installation and use of the products.

Superior image quality with network video
The most important factor in video surveillance is to be able to clearly discover and identify persons and objects. One of the benefits of network video is that it offers better image quality compared to analog products. In recent years, network video products that deliver HDTV quality video have represented an important driver in the shift from analog to digital technology. Axis has been leading in the development of products with HDTV resolution and this technology is now incorporated in nearly all Axis products. Network cameras with HDTV have several times higher resolution than an ordinary surveillance camera, which makes it easier to identify details, people and objects. Higher image resolution also offers the possibility to cover a larger area with fewer cameras.

New technology for demanding light conditions
Demands for certain discovery and identification means
that needs for wealth of detail in all light conditions are constantly increasing. Through a strong focus on light sensitivity, dynamics, color reproduction and resolution, Axis can optimize the cameras for even more reliable and efficient surveillance. During the year, network cameras were released with Axis’ new, advanced Lightfinder technology which delivers superior image reproduction in very poor light conditions. The cameras, which are the market’s most light sensitive, are ideal for users that need to see colors in poor light, both indoors and outdoors, in order to recognize and identify people, vehicles and incidents. Cameras equipped with Lightfinder technology have an especially important function to fulfill in surveillance duties at poorly illuminated parking lots, railway tracks and other infrastructure.

During the year, Axis also released network cameras with technology for so-called wide dynamic range, which means that the cameras deliver clear images in glaring light and shade and also in strong backlight in the same video sequence. These cameras are perfectly suited for surveillance of entrances and buildings with large windows and tunnel passages, for example at airports, train stations and public urbanized areas.

**Rapidly growing market for video encoders**
The market for video surveillance is still dominated by security systems consisting of analog cameras. A video encoder is a solution that gives analog cameras many of the benefits of network cameras. It converts the analog video streams to digital and in this way the customer can keep previous investments while gaining some of the benefits of an IP surveillance system. This cost efficient way of gradually moving from analog to digital technology makes the video encoder a key product in getting customers with analog systems to convert to a digital solution. The market for video encoders is growing rapidly. According to IMS Research’s latest report, Axis is the second largest global supplier within the product category. Axis’ video encoders come in many variants and different price levels. At the end of 2011, two new series of video encoders were released for different customer segments.

**Offering developed for smaller installations**
Axis offers smart solutions that result in more and more users choosing digital video surveillance systems and thus contributes to increasing security and safety in society. AXIS Video Hosting System (AVHS) is a platform developed by Axis which means that customers with smaller-scale installations of security systems do not need to invest in storage or administration of the system. In addition, no IT knowledge is required as the system is administered by a service provider via subscription. This subscription in conjunction with an internet connection means that the images are easily accessible on a computer or on a mobile telephone. During 2011, several of Axis’ partners, including in France and the US, began supplying product offerings built on AVHS. These offerings are accelerating the shift to digital surveillance.

**Smart solutions for retail**
During the year, Axis also strengthened its offering of network solutions, particularly for the key retail segment. A number of intelligent applications such as
Customer counter, Heat-Mapping and Dwell Time were developed in collaboration with partners for the purpose of boosting commercial benefit for both major retail chains and smaller stores.

Axis’ new compact AXIS M50 cameras may be held in the palm of one’s hand, but they provide flexibility and several of the benefits that a larger pan/tilt/zoom camera has. The cameras mean a discreet and good-value solution for indoor HDTV quality surveillance and contribute to improving security in stores, banks, hotels, offices, restaurants and warehouses. For retail, they also offer a smart and efficient solution for boosting commercial benefit. The store owner can sit in another location with the possibility to pan, tilt and zoom the camera in order to obtain an overall view of his/her store, including checking if the shelves are filled and the goods are marketed in the correct manner. During the year, Axis also released special cameras for hidden surveillance of entrances and exits, mainly intended for retail.

Openness provides more solutions
Axis works together with its partners in order to offer end customers common attractive solutions. Axis’ open corporate culture and open technical interface as well as its focus on established standards are accelerating this development. More and more partners are now building their solutions to end customers on Axis technology. In this way, Axis can offer broad solutions in order to achieve volume and add value via partners for more specific needs. Application developers assisted by the many integration possibilities in the camera, can develop their software for many different fields of application. This unique possibility offered by network video is important within intelligent applications, where there are major performance benefits through being able to run image analysis in the cameras, without encumbering a network with extensive image material.

Possibility of continual storage of video
Axis collaborates with its partners with the aim of developing even more secure and efficient video surveillance for end customers. A unique solution was produced during 2011 which integrates Axis’ technology for local storage of information in the network cameras, so-called edge storage, with the market’s leading system for video management. The solution means that information can be stored continually on an ordinary
Global open cooperation

ONVIF (Open Network Video Interface Forum) is an initiative started by Axis, Bosch and Sony during 2008 and which aims to establish a global, open interface standard for network video products and to support the ongoing shift from analog to network surveillance in the security market. At year-end, ONVIF had over 340 members, including international companies such as Panasonic, Cisco, Genetec, Texas Instruments and Indigo Vision. Almost 70 of Axis’ network video products were equipped with the ONVIF interface standard.

Many benefits with network video

There are a number of major benefits with network surveillance compared to analog. The cameras are easy to integrate with other IT systems which results in a broader field of application and boosts the value of video for the end customers. The flexible network systems make it easier during rebuilding or extension work. Power over Ethernet (PoE), in other words, power supply via the network cable, is another advantage of network video and means reduced installation and cable costs. The image quality is of crucial importance for the shift from analog technology to network video, not least possibilities of images in HDTV quality resolution, which have no direct equivalent in the analog market today. Network cameras also offer users the possibility of remote monitoring, which means that they can gain access to video from any computer with an internet connection.

Software for efficient video management

AXIS Camera Station is a complete proprietary video software for surveillance, recording and event management developed for Axis’ network video products. It is very easy to install and administer and utilizes all Axis’ unique camera functions in order to provide a simple, cost-efficient system with high performance. The system may be controlled remotely via a PC and is ideal for retail, hotel and schools, among other segments. But Axis’ cameras not only support AXIS Camera Station, but also can support software from partners, which gives the product portfolio a broad field of application.

Work for reduced environmental impact

Axis continually evaluates the operations and products in order to increase knowledge of their environmental impact. Life cycle analyses were carried out during 2010 and 2011 on several of the network video products. The analyses showed that a considerable part of the environmental impact during the lifecycle of the products is related to their energy consumption during use by end customers. Axis thus places great importance in the development process on designing products with good energy performance. A clear result of this environmental work is that it has been possible to reduce the products’ energy consumption over time even though performance and functions have increased considerably. The cameras have also been designed in a more compact way, which reduces material usage and transportation volumes.
In extreme climates, strict demands are made of high technology equipment in order to meet the clients’ needs. The AXIS Q6032-E network camera delivers high quality images under extreme conditions and can be installed with advantage in security solutions in cold outdoor environments (down to -40 °C).

Axis cameras are discreetly adapted in every environment, here on a train.
For an easier and safer everyday life

A strong focus on research and development means that Axis’ products differ from others in the market. About 450 engineers work on development of software and hardware for tomorrow’s technology platforms and products at the headquarters in Lund. The work results in a high release rate of ever smarter security solutions. Johan Paulsson, Chief Technology Officer, gives his view of the work.

**Johan, can you briefly describe Axis’ R&D work?**

A strong focus on research and development means that Axis’ products differ from others in the market. About 450 engineers work on development of software and hardware for tomorrow’s technology platforms and products at the headquarters in Lund. The work results in a high release rate of ever smarter security solutions. Johan Paulsson, Chief Technology Officer, gives his view of the work.

Axis is continuing to invest large resources in developing new products and solutions that strengthen the market-leading position within network video. The process always starts with comprehensive business intelligence in order to identify future market needs. This is then converted in the development work in order to create added value for customers. Axis is at the technological cutting edge within a number of areas, including image quality, network reliability, ease of installation and not least user-friendliness. And naturally high quality and high demands apply for all parts of the product development process – from idea to production.

**What strong market trends do you need to adapt the product development to?**

The use of network video is growing all over the world, but the need for solutions can look different depending on the market and customer segment. We know that most of the total market for video surveillance consists of smaller installations, e.g. individual store owners, hotels and offices. Only a few of these currently have digital video surveillance, but interest is increasing rapidly. We have thus increased our focus on development of new products and functions aimed to a greater extent at this part of the market. Specially adapted network cameras, Axis Video Hosting Systems (AVHS) and new, innovative video encoders are some solutions that we have developed in order to boost penetration in smaller installations. The priority lies in creating easy-to-use products with high image quality.

**And for the larger installations?**

In larger and more comprehensive installations, the penetration of network video is significantly higher. Here, we can clearly see that the knowledge and demands have increased in end customer segments, which means that customers have started to ask for solutions that have not been available in the market before. At Axis, rapid development of technology is taking place in order to adapt the products to the users’ new needs, for example technology capable of seeing clearly in different forms of light and in darkness and intelligent functions for greater commercial benefit. The ever larger market also means that it is becoming more profitable for developers of technology to produce new solutions.

**Are there any other trends in the market to pay extra attention to?**

Apart from the fact that functions can differ between various markets, the expansion also means that completely new product requirements are imposed. In certain markets it is extra important that the actual hardware is adapted to the prevailing conditions. Some want to have products that can withstand blows, others need products that can cope with extreme temperatures.

**What different fields of research are you focusing on most during 2011?**

To be able to develop products and solutions adapted to the above market conditions, we are concentrating on four main areas:

**Proprietary technology platforms**

Axis conducts long-term work on development of technology platforms that contain proprietary chips that deliver high image quality and fulfill the demands of the network video products of tomorrow. Axis proprietary chip ARTPEC® is regarded as an industry standard for network management and also for communication and image compression. ARTPEC® is an innovative image processing chip, delivering high performance, good bandwidth efficiency and high image quality.

**Image quality**

Demands on light sensitivity, dynamics, color reproduction and resolution in the network cameras are constantly increasing. In order to continue offering the market’s highest quality as regards resolution and image functions, we have...
developed and released network cameras with market-leading technology for both color reproduction in poor light and clear images in glaring light. A large proportion of all new cameras from Axis are also equipped with HDTV.

Simplicity in the installation
As systems become more comprehensive, demand is rising for easy and rapid installations that deliver time savings and lower installation costs. Axis has developed several innovative solutions that simplify installation of the products and thus liberate both time and resources for customers.

System integration
Video surveillance installations are becoming increasingly complex and easy handling of a large number of the cameras in one system is a challenge. All Axis’ products are built on open source code. The products are also equipped with AXIS Camera Application Platform, which means that third party applications may be installed in Axis’ products. By selecting the most suitable application, the user’s specific needs can be met.

Finally, what does Axis’ patent strategy involve?
The patent strategy aims to protect and safeguard the possibility of advancing products within the network video area. During the year, applications were filed for 33 national patents and a number of registered designs and nine were granted, which means that the patent portfolio now contains 119 active patents and registered design families. By acquiring the “Internet Camera Portfolio” patent portfolio from Hoya/Pentax in early 2011, we strengthened the patent portfolio by about 20 patents, including within network communication and image transfer. As global market leader in network video, this addition to the patent portfolio is a natural step in Axis’ patent strategy.

Investments in research and development 2006–2011
Smart solutions for smart traders.

Copenhagen, Denmark
10.45 a.m.
Safety, security and tools for increased sales

Kjell & Company is Sweden’s fourth fastest growing company in the Swedish retail sector. The number of stores has risen from 9 to 70 since 2004. The stores have more than 7,000 products in stock and well-functioning surveillance was required in order to boost security and safety for employees – preferably a cost-efficient system with considerable flexibility and the best possible image quality.

Kjell & Company evaluated a number of camera surveillance systems and decided that digital network cameras from Axis best met the company’s requirements. The cameras were connected to Kjell & Company’s existing IT system, a solution that offered many advantages; easy installation, scalability and the possibility to move the cameras in a flexible way. An average of 7–8 cameras were installed in each store for surveillance of the cash desk area, entrances and exits and store areas and warehouse. Kjell & Company opens almost 10 stores each year and installs the same surveillance system in all newly opened stores. Even older systems in existing stores are being gradually replaced.

With the system in place, Kjell & Company realized that the cameras are not just used to boost security and safety in the stores. The network cameras’ capability of visitor counting provides an effective tool for compiling statistics and analysing customer flows, sales peaks, hot zones etc. – and thus a basis for active work on improving store design and display of the range. This may be seen as a future investment to boost profitability and thus enable Kjell & Company to continue growing at a high rate.

“The surveillance system fulfills another important function – boosting sales”

Martin Knutsson, Head of IT at Kjell & Company

What is happening in the retail segment?

Johan Åkesson, Axis: Retail is still a segment with a large proportion of analog systems. However, the interest for network video is increasing in line with the focus of users changing from only trying to reduce shrinkage in stores to establishing systems for better security and finding ways to boost commercial value. Intelligent applications are being sought by larger retail chains for the purpose of driving traffic and finding new ways of boosting sales in a market subject to tough competition. Among smaller stores, demand for network video is rising as a result of the mobility that smartphones and notebook computers imply for surveillance.

What is Axis doing to contribute to the development?

Axis is developing a series of smart solutions for retail, for both large and small players. During the year a specialist organisation in the segment was established – both at a local and global level. Axis collaborates with application developers (ADPs) in order to develop intelligent solutions for retail chains and together with service providers to produce product offerings that help to facilitate surveillance even in smaller stores.

Some of the most intelligent applications in Axis’ network cameras are customer counters linked to the cash desk system, functions for following and registering customer movements in stores and systems that emit an alarm when cash desk queues become too long. There is also an application for reading off how customers react to different campaign racks in the store. Corridor format is a technology developed by Axis, introduced in 2011, that is used in surveillance of larger stores and gives a good overview of long store aisles. For smaller users, Axis has developed good-value pan/tilt/zoom cameras which the store owner can handle in another location in order to effectively monitor his/her store. Axis’ cost-efficient solutions for smaller installations, AVHS, also contribute to increasing the security in stores.
Axis has a well-structured process for production and delivery of products, from component purchasing and electronics production to final assembly, quality control and delivery. Axis has a global perspective with respect to these functions and thereby ensures availability of the company’s products all over the world and satisfies the customers’ demands for flexibility, delivery security and high quality.

Close collaboration with contract manufacturers
All production of Axis’ products occurs in collaboration with companies that are specialized in contract manufacturing of electronics, with a high competence within the field and production at several locations around the world. Existing manufacturers and suppliers are continually evaluated for the purpose of delivering the highest quality and a good geographical spread, and thus high delivery security for Axis’ customers. Axis’ strategy is to account for more than 5 percent but less than 25 percent of each manufacturer’s sales. In this way, a strong focus among the manufacturers is ensured while Axis obtains the flexibility to swiftly increase or reduce volumes.

Key forecasts
In order to supply the market with the right products at the right time, reliable forecasts and efficient order handling are very important. The forecasts form the basis for production planning and procurement. Information is continually gathered from the group and different regions in order to make an estimate of future production
needs. The trend in recent years of more comprehensive orders makes forecasts even more important as a tool for creating an effective production flow.

**Flexibility in the manufacturing processes**
Axis creates production documentation, that the contract manufacturers have online access to, through Axis’ production database system, and prepares the start of production while ensuring the supply of strategic components such as chips and image sensors. The electronics production is then carried out by the contract manufacturers. By not owning its own production equipment, Axis increases its flexibility and capital is not tied up in production.

**Successful management of disruptions**
Thanks to the fact that there is a well-developed supply chain in the company, any supply disruptions can be solved in a favorable way. Axis can take some risks in order to meet customer needs, for example build up of inventories in different situations and secured production at manufacturers a long time in advance. This fundamental philosophy meant that the impact on Axis’ production and deliveries from the natural disasters in Japan and Thailand during 2011 could be limited.

**Quality control before product reaches market**
For Axis, quality through the entire supply chain is important. Production takes place according to well developed production instructions that are supplemented with quality control by Axis’ production testing system, both in production and final assembly. The final assembly means that the products are configured for indoor or outdoor use, loaded with software, packed with power units for the country concerned and quality assured in Axis’ configuration and logistics centers (CLC) in Sweden, Hungary, the Czech Republic, Thailand and the US. During 2011, a new CLC was established in the Czech Republic, and a CLC will be opened in China during 2012 in order to ensure efficient supply in rapidly growing markets.

The products are transported from the manufacturers to the center in bulk containers and are then transported the final stretch to the customers in individual containers. This process more than halves the total transport volume and reduces the environmental impact.

**Careful evaluation of suppliers**
Axis works with supplier contracts which impose requirements in respect of working conditions as well as financial and ethical demands. Axis requires that contract manufacturers and carriers should be ISO 9000 and ISO 14001 certified. Suppliers of principal components and semi-manufactures are examined through a carefully designed process where the critical factors are price, environment, quality, ethics and flexibility. Workplace visits are also part of the evaluation. During 2011, Axis introduced a Code of Conduct for its suppliers based on the UN’s Global Compact initiative. The Code helps to further improve the methodology in the evaluation of suppliers.
Recruitment for global expansion

Axis is building up a long-term sustainable organisation in order to continue driving the technology shift from analog to digital video surveillance systems worldwide. In this global expansion phase, thorough recruitment work and advancement of existing employees are extra important. Axis’ open corporate culture, which permeates the entire chain from product development to the meeting with end customers, promotes a creative and attractive work environment and creates the basis for profitable growth.

With a continued high rate of recruitment during the year, a key element of the Human Resources work has been to hire and introduce new employees, further develop the company’s employees and ensure that the strong corporate culture is maintained. Knowledge, experience and personality are in focus during the recruitment process. All positions were advertised on the company’s website, via external recruitment sites and on the intranet to encourage internal mobility. Through internal recruitment, skills are secured within the company, while mobility within the company is stimulated.

Open corporate culture
A global company such as Axis constantly faces challenges when it comes to holding together the organization in a growth phase. Axis’ established corporate culture fulfills an important function in creating an attractive work environment. The emphasis is on giving the individual freedom and confidence in his/her work and always being open to new ideas and opportunities, in combination with a good team spirit. To operate as one company (Act as one), to act openly (Always open) and think big (Think big) are the basic core values at Axis. The employees are encouraged to question, take the initiative, take responsibility and to always aim for the same goals. Axis core values are always central when potential employees shall be recruited and in further developing existing employees.

Focus on knowledge transfer
Customer surveys show that Axis’ customers attached great importance to the fact that the company’s employees are highly skilled and willing to share their knowledge. Meanwhile, as a market-leading company in a global and rapidly growing industry like network video, strict demands are imposed to maintain and develop this knowledge. Axis is thus concentrating on various initiatives for the purpose of communicating Axis’ value system to all employees and to exchange knowledge and experience via networks between employees, departments and age groups within different skills areas. The new employees, regardless of country, undergo introductory training at the headquarters in Lund. They obtain a good insight into Axis’ history, operations and future plans through meeting with senior managers, among other people. An important element in the training is a thorough review of Axis’ corporate culture. Newly employed international employees also gain a mentor from one of the functional units at headquarters, which helps to strengthen the exchange of experience.

As the global organization is growing rapidly both geographically and as regards the number of employees, great care is taken in development of teams among employees in different regions in order to facilitate knowledge transfer. During 2011, an international leadership program was also introduced for managers in the global organization that have worked at Axis for less than three years.

Cooperation for the future
Since its foundation, Axis has collaborated with universities and colleges and offers students the possibility
of carrying out course work. Axis has long-term and good relationships with research groups at Lund University, The Royal Institute of Technology Chalmers and Linköping University. Starting in 2011, Axis is financing a new professorship in industrial economics at Lund University together with six other Swedish companies. The research is focused on how different technology strategies can help corporate business. Cooperation with the Institute of Economics at Lund University is ongoing where Axis is partly financing a research program on the transformation of the global security industry.

Axis is also active in a number of regional networks in partnership with universities, the business community and politicians. These networks have the aim of increasing interest in running businesses in the region, attracting people with the right skills profile and acting to ensure that the region shall offer an attractive environment to live and work in. Axis is also active within the organization Transfer Teknik, which works to increase secondary school students’ interest in technology, science and IT.

**Striving to be a good employer**

Axis ensures that its employees work in a safe and healthy environment in accordance with international and national legislation. Absence due to illness for the Swedish operations continued to be low during the year and amounted to 1.9 percent (2.0).

Axis strives to offer a competitive compensation package in the local market, so that employees should feel motivated. An evaluation tool was implemented for the purpose of conducting surveys about the relationship between basic salaries for men and women and different occupational categories.

Axis’ Code of Conduct prescribes that all employees are expected to promote, contribute to and uphold the company’s values, integrity and responsibility.

---

**Table: Employee statistics**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>1,127</td>
<td>914</td>
<td>774</td>
</tr>
<tr>
<td>Women</td>
<td>294</td>
<td>244</td>
<td>214</td>
</tr>
<tr>
<td>Men</td>
<td>833</td>
<td>670</td>
<td>558</td>
</tr>
<tr>
<td>Average age</td>
<td>37</td>
<td>36</td>
<td>37</td>
</tr>
<tr>
<td>Employee turnover, %</td>
<td>7.2</td>
<td>6.4</td>
<td>5.6</td>
</tr>
<tr>
<td>(persons who resigned)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees with university degrees, %</td>
<td>76</td>
<td>75</td>
<td>72</td>
</tr>
</tbody>
</table>

**Table: Absence due to illness, %**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1.9</td>
<td>2.0</td>
<td>2.4</td>
</tr>
<tr>
<td>Women</td>
<td>2.1</td>
<td>3.1</td>
<td>3.6</td>
</tr>
<tr>
<td>Men</td>
<td>1.9</td>
<td>1.7</td>
<td>2.0</td>
</tr>
<tr>
<td>&lt; 30 years</td>
<td>3.0</td>
<td>2.9</td>
<td>3.5</td>
</tr>
<tr>
<td>30–49 years</td>
<td>1.6</td>
<td>1.8</td>
<td>2.1</td>
</tr>
<tr>
<td>50–65 years</td>
<td>1.7</td>
<td>2.0</td>
<td>2.1</td>
</tr>
</tbody>
</table>
Good price trend

Axis was listed on the Stockholm Stock Exchange’s O list on June 27, 2000. Since July 1, 2008, Axis has been listed on NASDAQ OMX Nordic, Mid Cap segment under the ticker AXIS. During 2011, the Axis share rose by 13 percent despite a weak stock market and greater global economic uncertainty.

Axis’ ambition is to continually provide the financial market, owners and other stakeholders with correct, consistent and relevant information with the aim of increasing understanding of the company. Representatives from Axis regularly meet analysts, lenders and shareholders in order to provide a continuous view of the development during the financial year. The published interim reports and the annual report are distributed to shareholders upon request. Press releases, interim reports and the year-end report are published on the Axis website in Swedish and English in accordance with the regulations of the stock exchange.

Price upturn despite weak stock market
Notwithstanding a generally weak trend in stock markets, due to greater economic uncertainty in Europe and in the US, Axis’ share rose by 13 percent during the year. During 2011, the Axis share had a turnover of 36,043,645 shares, which gave an average turnover of 145,465 shares per trading day, at a value of SEK 18.6 M. The turnover rate during the year was 52 percent.

The final price paid on December 30, 2011 was SEK 138.50 (122.50). The highest price, SEK 157.00 was recorded on May 17 and May 19. The lowest price of the year, SEK 97.00 was recorded on August 5 and August 9. The average price of the share during 2011 was SEK 131.51 (101.31). Axis’ market capitalization on December 30, 2011 was SEK 9,620 M (8,509).

Total yield
The term “total yield” shows the real development of an equity investment and consists of alteration in price including reinvested dividends. During 2011, the total yield for the Axis share was 16.5 percent. During the past five years, the annual total yield has averaged 26.4 percent.

Ownership
The number of shareholders at year-end was 16,597 (17,459). Each share in Axis gives entitlement to one vote. The share of Swedish-resident shareholders was 95.5 percent (15,723 persons), with a combined shareholding of 80.5 percent. The number of shareholders resident outside of Sweden was 4.5 percent (874 persons), representing a combined shareholding of 19.5 percent. It should be noted that the largest shareholder, Inter Indu, changed during the year from being a foreign-registered company to become a Swedish-registered company. The holdings of the ten largest owners represented 61.8 percent of the total number of shares. The largest individual owners are Christer Brandberg (Inter Indu) followed by Therese Karlsson (via LMK Industri), and Martin Gren (Grenspecialisten). No major new owners have emerged during the year. In the table on the next page, Axis’ ownership is shown as at December 30, 2011.

Dividend and dividend policy
Axis’ dividend policy is to declare a dividend that corresponds to approximately one third of the profit for the year after tax, taking the group’s target equity/assets ratio into consideration. The board of directors proposes a dividend of SEK 5.50 (4.50) per share for the 2011 fiscal year, of which SEK 3.25 constitutes an extra dividend.

Employee stock option program
Axis has no outstanding stock option programs.
Shareholders

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christer Brandberg (Inter Indu AB)</td>
<td>10,016,667</td>
</tr>
<tr>
<td>Therese Karlsson (LMK Industri AB)</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Martin Gren (Grenspecialisten AB)</td>
<td>7,357,471</td>
</tr>
<tr>
<td>Swedbank Robur</td>
<td>4,428,408</td>
</tr>
<tr>
<td>Didner &amp; Gerge Funds</td>
<td>3,316,844</td>
</tr>
<tr>
<td><strong>Total 5 largest shareholders</strong></td>
<td><strong>35,119,390</strong></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td><strong>34,341,860</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>69,461,250</strong></td>
</tr>
</tbody>
</table>

Ownership December 30, 2011

<table>
<thead>
<tr>
<th>Holding</th>
<th>Number of shareholders</th>
<th>Number of shares</th>
<th>Holding (%)</th>
<th>Votes (%)</th>
<th>Market value (SEK, thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–500</td>
<td>12,493</td>
<td>2,081,529</td>
<td>3.00</td>
<td>3.00</td>
<td>329,922</td>
</tr>
<tr>
<td>501–1,000</td>
<td>2,049</td>
<td>1,768,368</td>
<td>2.55</td>
<td>2.55</td>
<td>280,286</td>
</tr>
<tr>
<td>1,001–5,000</td>
<td>1,486</td>
<td>3,397,240</td>
<td>4.89</td>
<td>4.89</td>
<td>538,463</td>
</tr>
<tr>
<td>5,001–10,000</td>
<td>185</td>
<td>1,389,564</td>
<td>2.00</td>
<td>2.00</td>
<td>220,246</td>
</tr>
<tr>
<td>10,001–15,000</td>
<td>59</td>
<td>714,478</td>
<td>1.03</td>
<td>1.03</td>
<td>113,245</td>
</tr>
<tr>
<td>15,001–20,000</td>
<td>28</td>
<td>502,371</td>
<td>0.72</td>
<td>0.72</td>
<td>79,626</td>
</tr>
<tr>
<td>20,001–</td>
<td>137</td>
<td>59,607,700</td>
<td>85.81</td>
<td>85.81</td>
<td>9,447,820</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,597</strong></td>
<td><strong>69,461,250</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>9,620,383</strong></td>
</tr>
</tbody>
</table>

Trend in share capital

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of shares</th>
<th>Nominal amount (SEK)</th>
<th>Share capital (SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000–2004</td>
<td>68,900,000</td>
<td>0.01</td>
<td>689,000</td>
</tr>
<tr>
<td>2005</td>
<td>68,925,000</td>
<td>0.01</td>
<td>689,250</td>
</tr>
<tr>
<td>2006</td>
<td>69,252,700</td>
<td>0.01</td>
<td>692,527</td>
</tr>
<tr>
<td>2007</td>
<td>69,372,200</td>
<td>0.01</td>
<td>693,722</td>
</tr>
<tr>
<td>2008</td>
<td>69,373,700</td>
<td>0.01</td>
<td>693,737</td>
</tr>
<tr>
<td>2009</td>
<td>69,375,700</td>
<td>0.01</td>
<td>693,757</td>
</tr>
<tr>
<td>2010</td>
<td>69,461,250</td>
<td>0.01</td>
<td>694,612</td>
</tr>
<tr>
<td>2011</td>
<td>69,461,250</td>
<td>0.01</td>
<td>694,612</td>
</tr>
</tbody>
</table>

Analysts

A number of analysts follow and analyze Axis’ share. They are:

- ABG Sundal Collier: Anders Hillerborg
- Carnegie: Mikael Lassén/Charlotte Widmark
- Enskilda Securities: Christoffer Lyhem/Johanna Ahlgvist
- Handelsbanken Capital Markets: Martin Nilsson/Fredrik Lithell
- Nordea: Daniel Djurberg
- Pareto Ohman: David Jacobsson
- Redeye: Greger Johansson
- Swedbank: Håkan Wranne

Data per share

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after financial items, SEK</td>
<td>9.08</td>
<td>5.95</td>
</tr>
<tr>
<td>Cash flow, SEK</td>
<td>0.84</td>
<td>0.93</td>
</tr>
<tr>
<td>Equity, SEK</td>
<td>11.07</td>
<td>9.03</td>
</tr>
<tr>
<td>Share price at the close of the period</td>
<td>138.50</td>
<td>122.50</td>
</tr>
<tr>
<td>Price/equity, percent</td>
<td>1,251</td>
<td>1,357</td>
</tr>
<tr>
<td>Dividend, SEK</td>
<td>4.50</td>
<td>4.00</td>
</tr>
<tr>
<td>P/E ratio</td>
<td>21</td>
<td>28</td>
</tr>
<tr>
<td>P/S ratio</td>
<td>2.69</td>
<td>2.90</td>
</tr>
<tr>
<td>Number of outstanding shares (thousands)</td>
<td>69,461</td>
<td>69,461</td>
</tr>
<tr>
<td>Average number of shares (thousands)</td>
<td>69,461</td>
<td>69,406</td>
</tr>
</tbody>
</table>
**The Golden Gavel**

Lars-Erik Nilsson, Chairman of the Board of Axis AB, received the Golden Gavel award (Sw. Guldklubban) during the year. The Golden Gavel is awarded by the Golden Gavel foundation, a non-profit association established by the Swedish Academy of Directors and Deloitte which advocates better board work in Swedish companies. Lars-Erik received the award from Prince Daniel in Stockholm.

The motivation was as follows:

“For years, Axis has shown exceptional growth with continuous high profitability, and today the company has a world-leading position in its field. To a large extent, this development bears the hallmarks of Lars-Erik Nilsson. Through his calmness and warmth he instills confidence and a belief in the future throughout the organization. Using his extensive international experience, he has been able to navigate the company through many difficulties during its rapid growth.”

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**Invitation to the Annual General Meeting**

The Annual General Meeting of the company will be held at Emdalavägen 14, Lund, on Wednesday April 18, 2012 at 5.00 p.m. The notification of participation must be received by Axis AB no later than 16.00 on Thursday April 12, 2012. The notification should include the shareholder’s name, Swedish civil registration or corporate registration number, address and phone number as well as the number of shares represented.

Shareholders who wish to participate in the annual general meeting must be registered in their own names in the print-out of the share register produced by Euroclear Sweden AB on Thursday April 12, 2012. Shareholders whose shares are held through nominees, must get the nominee to register the shares in their own name, so that the shareholder concerned is registered in the share register on April 12, 2012. Such registration may be temporary.

The notification can be made

> in writing to Axis AB, attn. Adrienne Jacobsen, Emdalavägen 14, 223 69 Lund, Sweden
> by phone on +46 46 272 18 00 to Axis AB’s headquarters, or
> via the company’s website, www.axis.com

The notification must also state the number of assistants (however, not more than two) the shareholder wishes to bring to the annual general meeting. If participation is through power of attorney, including – in the case that the grantor of a power of attorney is a legal entity – a certified certificate of incorporation or other document showing the competency of the authorised signatory, shall be submitted in good time prior to the annual general meeting. The power of attorney form is available from the company and on the company’s home page.

The final day for trading in the company’s shares including right to dividend is April 18, 2012.

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**Financial information 2012**

Interim report, Jan–March: Tuesday, April 17
Annual General Meeting: Wednesday, April 18
Interim report, Jan–June: Tuesday, July 10
Interim report, Jan–Sept: Thursday, October 18
Annual report 2012 to be published in March 2013

Reports may also be ordered from Axis AB
Emdalavägen 14
SE-223 69 Lund
Phone: +46 46 272 18 00
Fax: +46 46 13 61 30
e-mail: ir@axis.com

Financial information is available in Swedish and English on Axis’ website: www.axis.com
Board of Directors and Auditors

Lars-Erik Nilsson
Chairman of the Board
Board member since 2003. (Chairman of the Board since September 2005).
Chairman of: Avensia Innovation (formerly Luvit).
Board member of: Consellar.
Education: Master of Science.
Work experience: Ericsson, Thomson CSF
Skandinavien, Compaq Computer.
Principal employment: Various directorships.
Shares in Axis: 10,000

Olle Isberg
Board member since 2006.
Chairman of: Awardit, Björklden Fjällby, Lapland Resorts, Tärnaby Resort, Visionalis, Anerem, Hotel Kungsträdgården and Hotel Stureplan.
Board member of: Bricmate, Kiruna/Lapland EF, LMK Ventures, Progressum, Spaceport Sweden och Tapwell.
Education: Stockholm School of Economics.
Work experience: Öhman Fondkommission, Ratos, Hf&B Capital.
Principal employment: CEO Visionalis and Senior Advisor LMK Industri.
Shares in Axis: 0

Charlotta Falvin
Board member since 2006.
Chairman of: Teknopol.
Board member of: Doro, MultiQ, Sydsvenska Industri- och Handelskammaren and Fasiro.
Education: Master of Business Administration, Lund.
Work experience: Lars Weibull, Axis Communications, Decuma, TAT, Research In Motion.
Principal employment: Various directorships.
Shares in Axis: 10,750

Martin Gren
Board member since 1984.
Chairman of: Grenspecialisten.
Board member of: H Lunden Holding, Tobii Technology and Askero Sagoboksforlag.
Education: Lund University.
Work experience: Co-founder of Axis.
Principal employment: Employed by Axis Communications.
Shares in Axis: 7,357,471 via Grenspecialisten

Roland Vejdemo
Board member since 2010.
Chairman of: Rebecca Trading and Secure Vending.
Board member of: Trade association Swedish IT and Telecom Industries.
Education: Master of Business Administration, Stockholm University.
Principal employment: Various directorships.
Shares in Axis: 0

Göran Jansson
Board member since 2007.
Chairman of: nWise.
Education: Master of Business Administration, Stockholm.
Work experience: Industriförlaltningar AB Kinnevik, Tele2, Assa Abloy.
Principal employment: Vice CEO and CFO of SAS.
Shares in Axis: 10,000

Management team

Ray Mauritsson
Born 1962
President and Chief Executive Officer
Employed by Axis since 1995.
Education: Master of Science, Engineering physics, Lund University and Executive MBA from the Institute of Economics, Lund University.
Previous employment: TAC.
Directorships: HMS.
Shares in Axis: 29,500

Fredrik Sjöstrand
Born 1969
Vice President, Finance and Chief Financial Officer
Employed by Axis since 1998.
Education: Master of Business Administration, Lund University.
Previous employment: E.ON, PwC.
Shares in Axis: 28,000

Bodil Sonesson Gallon
Born 1968
Vice President, Global Sales
Employed by Axis since 1996.
Education: Master of Business Administration, International Finance, Lund University and Konstanz University, Germany.
Previous employment: Lars Weibull.
Shares in Axis: 2,050

Per Ådelroth
Born 1966
Vice President, Operations
Employed by Axis since 1994.
Education: Master of Science, Industrial Engineering and Management, Chalmers, Gothenburg.
Previous employment: Accenture.
Directorships: Svep Design Center.
Shares in Axis: 23,000
Johan Paulsson
Born 1963
Chief Technology Officer
Employed by Axis since 2008.
Education: Master of Science, Electrical Engineering,
Lund University and Degree in Journalism, Lund University.
Previous employment: Netch Technologies, Nationalencyklopedin.
Shares in Axis: 2,150 (of which 1,000 via endowment insurance)

Malin Ruijsenaars
Born 1971
Chief Personnel Officer
Employed by Axis since 2004.
Education: PA program, Lund University,
Master of European Studies Brügge, Belgium,
Postgraduate studies, UC Berkeley, USA.
Previous employment: Mercedes-Benz Customer Assistance Center, DaimlerChrysler Denmark Sweden
Shares in Axis: 1,271

Jonas Hansson
Born 1967
Chief Information Officer
Employed by Axis since 1997.
Education: Graduate engineer, Chemical engineering,
Lund University and Degree in Journalism, Lund University.
Previous employment: Netch Technologies, Nationalencyklopedin.
Shares in Axis: 8,132

Lars Åberg
Born 1966
Vice President, Marketing
Employed by Axis since 2008.
Education: Master of Business Administration,
Lund University, IFL Executive General Management Program, Stockholm School of Economics.
Previous employment: Unilever, Ericsson Mobile Communications and Bona Kemi.
Shares in Axis: 377
Glossary

ASIC (Application Specific Integrated Circuit)
ASIC is a circuit that is designed for a specific application rather than a circuit for more general functions, such as a microprocessor. The use of ASIC as a component in electronic products can enhance performance, reduce power consumption, improve security and lower the cost.

CCTV (Closed Circuit Television)
CCTV is a private video system within a building or facility which is used to visually supervise a location for security or industrial purposes.

HDTV (High Definition Television)
HDTV offers up to five times higher resolution and double linear resolution compared with traditional, analog TV and is usually transmitted in widescreen (widescreen 16:9). HDTV is built on the SMPTE 296 and SMPTE 274M standards which are defined by the Society of Motion Picture and Television Engineers, SMPTE.

Linux
Linux is an open source operating system within the Unix family. Due to its stability and accessibility, Linux has gained popularity both within the open source world and as regards commercial applications.

Network camera
Digital video camera with built-in Ethernet network connection and web server. The digitally compressed video from the camera can be seen immediately from all computers which are connected to a network.

Protocol
A set of formal rules describing how data shall be transmitted over a network. Low-level protocols define electrical and physical standards and high-level protocols are concerned with data formatting. TCP and IP are examples of high-level protocols.

Server
A computer or software application providing services to other computers which are connected to it via a network. The most common example is a file manager which has a local disk and which handles inquiries from clients regarding reading and writing files on the disk.

IP (Internet Protocol)
A communication transport protocol used in order to transmit data via Internet. Also see TCP/IP.

TCP/IP
(Transmission Control Protocol over Internet Protocol)
The TCP/IP protocol defines how data is transmitted securely between networks. TCP/IP is the most widespread communication standard and the basis for how the Internet works.

Video encoder
A video encoder has an in-built network connection and web server, among other things. Its function is to take analog video (PAL/NTSC) from traditional analog cameras, digitalize and compress video and allow the digital video stream to be accessible over a network.
About Axis Communications

As the market leader in network video, Axis is leading the way to a smarter, safer, more secure
world – driving the shift from analog to digital video surveillance. Offering network video
solutions for professional installations, Axis’ products and solutions are based on an innova-
tive, open technology platform.

Axis has over 1,000 dedicated employees in 40 locations around the world and cooperates
with partners covering 179 countries. Founded in 1984, Axis is a Swedish-based IT company
listed on NASDAQ OMX Stockholm under the ticker AXIS.

For more information about Axis, please visit www.axis.com