

Axis in brief

Axis develops solutions for user-friendly and secure communication over wired and wireless networks. The company is a worldwide market leader in network connectivity, with products for the office, facility and industrial environments.

Axis was founded in 1984 and is listed on the O-list (Attract 40) of Stockholmsbörsen (XSSE:AXIS). With more than 300 employees, and offices in 14 countries, Axis operates globally in cooperation with distributors and OEM partners in some 70 countries. Markets outside Sweden account for more than 95 percent of sales.

Key ratios

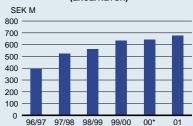
		Pro forma
SEK M	12 mos 2001	12 mos 2000 ¹
Group – excl. Netch ²		
Net sales	675.9	641.5
Operating loss	-83.3	-176.5
Loss after financial items	-117.8	-154.3
Group – total		
Net sales	696.3	707.7
Operating loss	-113.8	-239.5
Loss after financial items	-149.5	-219.7
Cash flow	-15.2	·
Liquid funds on closing date	180.8	196.0
	·	

¹ The abbreviated fiscal year encompasses the period May 1 – December 31, 2000. Full-year figures are reported pro forma.

The year in brief

- Operating profit during latter half of the year
- Positive operating cash flow during latter half of the year
- Sales increase of 5 percent
- Several important strategic partnerships
- Divestment of loss-incurring operations

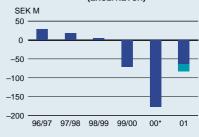
NET SALES (EXCL. NETCH)



Group's sales for comparable units increased during 2001 by slightly more than 5 percent.

*Full-year pro forma.

OPERATING LOSS/PROFIT / EBIT (EXCL. NETCH)

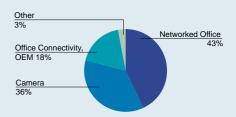


Structural costs

The operating result in 2001 amounted to a loss of SEK 83 M, but an operating profit of SEK 8 M was achieved during the second half of the year. This corresponds to an operating margin of 2.5 percent.

*Full-year pro forma.

SALES BY BUSINESS AREA 2001 (EXCL. NETCH)



Camera continues to be the fastest growing area of operations. OEM has also developed favorably during the year.

SALES BY REGION 2001 (EXCL. NETCH)



1) Europe, Middle East, Africa

2) North, South and Central America

All Axis markets showed increased sales during 2001.

² Axis implemented restructuring measures during the second quarter of 2001, including divestment of its 59 percent holding in Netch Technologies.

Our goal for 2001 was to achieve profitability step-by-step after having implemented the largest phase of change in Axis' history to date. The goal was achieved according to plan, and Axis reported an operating profit during the second half of 2001. Investments during the year and structural changes resulted in Axis being able to maintain profitability while at the same time advancing its positions in a depressed market.

Profitability

Profitability achieved according to plan

Business during the year was shaped by the goal of achieving profitability step-by-step. Strategically, this was the correct priority for 2001 since both the company's customers and the financial markets were negatively affected by the prevailing recession. As anticipated, losses were noted in the beginning of the year, but an operating profit of SEK 8 M was reported for the second half of the year. This corresponded to an operating margin of 2.5 percent. There were four main factors contributing to profitability:

Increased sales

Sales, excluding Netch Technologies AB, increased by 5.3 percent to SEK 676 M (642). Because 95 percent of Axis' sales are exported, the weakening of the Swedish currency had a favorable impact on sales. Sales growth was noted in all geographic markets. Despite weak economic conditions, the company was generally able to advance its positions in the various product areas, including fast-growing and more mature products.

Improved gross margins

Because a large portion of Axis' production was moved to sub-suppliers in Asia during the second half of the year, gross margins improved. The gross margin was 56.3 percent during the second half of the year, compared with 50.6 percent during the first half, an improvement of 5.7 percentage points. This improved earnings by SEK 20 M during the second half of the year.

Restructuring measures

During 2001, the 59 percent holding in Netch Technologies AB was sold. The negative effect on earnings from Netch Technologies during the first half of the year amounted to SEK 31 M. When further financing requirements arose, Axis elected to sell its holding, which also was no longer regarded as strategic.

In addition, the Mobile Access Server product was sold during the year to the product area's management. The business model for this product is based on system sales to telecom operators, which diverges from Axis' core business. The sale results in reduced development costs, but does not affect Axis' continued investments in access points or other wireless network products based on unlicensed radio technologies.

A cost-savings program was implemented during the second quarter of 2001 which included personnel reductions of about 15 percent.

Through the cost-savings program and structural measures, operating costs were reduced by more than SEK 100 M on a full-year basis. The reduction achieved full effect from the third quarter onward.

Financial position

Achieving profitability and continuous efforts to reduced tied-up capital strengthened cash flow. Operating cash flow was negative for the full year 2001, but due to the improvement in earnings, cash flow from current operations was positive in an amount of SEK 19 M during the final six months. With liquid funds of SEK 181 M and unutilized credit facilities corresponding to an additional SEK 85 M, Axis had at its disposal funds totaling SEK 266 M on December 31, 2001.

despite downturn

Favorable prospects for continued growth

Business development, as well as work with the strategic agenda, was successful during the year. Axis is active in a market driven by innovation in which our ability to maintain a position of technical leadership is important for future sales. Axis therefore continued to pursue an intensive development program in which slightly more than one fifth of total sales were reinvested in research and development during the year. In combination with the company's financial strength, this creates excellent prospects for advancing Axis' positions and achieving profitable growth.

Increased market orientation

During the year, we continued to work in accordance with a more market-oriented approach with favorable results. Operations were reorganized during the fourth quarter of 2001 to increase the efficiency of our efforts to achieve continued growth. As 2002 begins, there is a clear division of our markets in three segments:

- Networked Office
- · Networked Facility
- OEM

The previous division-based organization was thus replaced by a functional organization that takes this segmentation as its starting point, leveraging significant synergies in technical and product development, as well as marketing and sales. The two segments Networked Office and Networked Facility, in which Axis sells products under its own brand, are covered by our global network of distributors. In the OEM seg-

ment, Axis works with major equipment manufacturers to offer technology for a broad product portfolio, which facilitates long-term and mutually profitable relations.

Axis 2002

The strategic investments in technical, product and market development – intended to strengthen the company's position and enable growth – continue according to plan. Our goal during the year is to continue develop in a profitable manner. At the same time, sales growth is expected to be weak during the first six months due to uncertain economic conditions. Further weakening of the Japanese economy toward the end of 2001 affects sales growth for Axis' own products, as well as OEM products. Nonetheless, we retain our forecast of an operating profit for the full-year 2002.

In closing, I would like to extend my thanks to all employees for a successful year that was difficult in many ways, but also eventful.

Lund, March 2002

Peter Ragnarsson

President and CEO



In the future, everything can communicate over intelligent networks. Axis will be a driving force.

Axis' business

Axis was founded in 1984 and is a leader in the development and marketing of user-friendly and secure communications over wired and wireless networks. The company's product portfolio includes print-, video- and scanner servers. Operations comprise of technology development, product development, marketing and sales. Manufacturing is conducted by subcontractors with final assembly and distribution being managed by Axis. Axis provides customers with added value by facilitating improved efficiency in administration, reduced operating costs and broadened fields of use for various types of network equipment.

The trend is moving rapidly towards a society increasingly encompassed by integrated networks. To date, this has primarily involved office and administrative functions of companies and organizations where computer networks are employed to enhance efficiency. The tendency for further operations to be included in IP-based networks is extremely evident. Today's networks are also being developed to support increasingly intelligent units. In line with this development, and in connection with an increase in the different types of equipment and units being connected, the intelligence of the networks is increasing and new possibilities are being created.

Business concept

Axis' business concept is to fulfill the need for efficient, user-friendly and secure network communications. Axis' flexible solutions, which are independent of both PCs and servers, are made possible by directly connected units with built-in intelligence. Based on its IP-based technology platform, developed in-house, Axis is able to rapidly adapt its offering to the market with new applications, thus broadening its product area in a cost-efficient manner.

A global market

Axis is represented globally through its own offices in 14 countries and through its collaboration with distributors and 0EM partners in some 70 countries worldwide. More than 95 percent of production is exported to more than 70 countries, providing a favorable spread of risk. Slightly more than half of sales are made to countries in the EMEA region. The Americas correspond to approximately 30 percent of sales and Asia for about 20 percent.

Customer structure

The end-users of Axis' products are mostly medium- and large-sized companies. These companies use the products in offices and such environments as facilities, warehouses, production plants and stores.



Since Axis was founded in 1984, it has conducted four large-scale and comprehensive phases of investment and development. Operations have been broadened in parallel with the development of the technological foundation. Thus, in each phase, new products and markets have been added.

and direction

Another large and important customer group consists of public institutions such as authorities, national agencies, ministries and the healthcare and education sectors. In these areas, Axis' products can be used to increase security and efficiency by employing cameras connected to networks and video servers. At the same time, ownership and maintenance costs associated with, for example, printers, can be reduced and administration made more efficient with the help of solutions for electronic document management.

For OEM customers, Axis offers custom-tailored network solutions within several product areas. OEM customers consist mostly of global manufacturers of printers and copiers as well as companies that develop and sell video or security equipment.

In addition to products traditionally connected to networks in one way or another, such as printers, there is currently extensive interest in new types of network products. Examples include network cameras used in security systems as well as with industrial equipment. There is also interest in telematic products; that is, devices used for remote communication with machines, cars, boats and other equipment.

New, market-oriented organization

The foundation of Axis' operations is an extensive technical expertise and broad experience in the development of IP-based network solutions. Axis' markets develop and change rapidly. To optimize the company for continued expansion within existing product areas, operations were reorganized in 2001 according to a market-oriented view.

The former divisional-based organization has been replaced by a functional organization based on a logical and

clear segmentation of the market. This brings synergies not only in the development of technologies and products, but also in marketing and sales.

To effectively coordinate sales in the area of technology, the earlier OEM and technology divisions have been gathered within the OEM market segment.

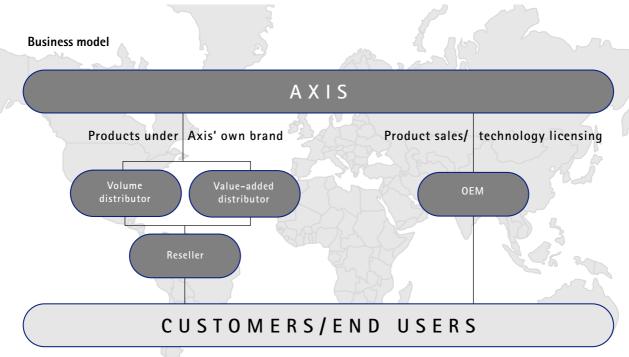
A further change is that the Mobile Internet division no longer has an independent role. Wireless communications are instead integrated as a natural component of the three market segments. The increased interest in wireless network connectivity is favored by emerging standardization in the form of such technologies as WLAN (IEEE 802.11) and Bluetooth™. Axis holds a leading position within products and technologies for wireless network connectivity, an advantage that can be utilized in all product areas.

Axis currently operates within three market segments: Networked Office and Networked Facility, where Axis sells products under its own brand, and the OEM segment where sales of equipment or technology licensing are made to other manufacturers.

Axis offers several product families to the various market segments to meet customers'

needs.

The Bluetooth trademarks are owned by Bluetooth SIG, Inc.



Distributors: Ingram Micro, Softbank, Tech Data, Azlan etc. *OEM:* Canon, Fuji Xerox, Sharp, QMS/Minolta, Sony etc.

Business model

To maximize the benefit obtained from development efforts, Axis employs a business model that is divided into two parts:

1) sales of products, solutions and technology under Axis' own brand via indirect sales channels to companies and organizations, and 2) product sales or technology licensing to other manufacturers – OEMs (Original Equipment Manufacturers) – who, in turn, sell total solutions under their own brands.

Channel marketing is conducted by local subsidiaries around the world, which bear the entire responsibility for their customers, regardless of the product concerned. Axis is thereby able to benefit from the fact that customers, who may be distributors, end-users or OEMs, are often interested in several products from Axis range.

Axis' extensive international experience and its global distribution network are among its most important success factors. Thanks to a strong local presence, that is focused on distribution and sales, Axis is able to bring new products rapidly to all of its markets worldwide.

Strategies

Axis shall strengthen and develop its position as a marketleading supplier of solutions and equipment for IP-based network connectivity. The company currently holds leading positions within all product areas and its brand is well established within solutions for connecting units such as printers, scanners, cameras and storage media to networks. Axis also holds a strong position as an OEM supplier of network technology to leading equipment manufacturers.

The strategy for continued growth with profitability is summarized in the following points:

Securing a strong financial position

The aspiration to improve profits and increase sales permeates Axis' operations. A favorable financial position provides increased freedom of action and greater choice.

Developing positions in selected market segments

Through active processing of markets and a sensitive ear to customers' needs and technological developments, Axis is able to continue to expand and build strong positions in its selected market segments. The successes with camera and video products and within the area of OEM operations represent positive examples of how Axis has developed its positions within its market segments.

Maintaining our leading position in technology

Axis shall continue its efforts of being early on the market with new technologies and new products. Through continued innovation and development of easy-to-use, efficient and secure solutions for customers' varying needs – regardless of network environment – Axis shall strengthen its position as a leading supplier of user-friendly solutions for network connectivity.

Becoming the employer of choice in the industry
Being a knowledge-based enterprise, employees represent a strategically important resource for Axis' future growth. By means of a clear focus on a strong corporate culture, room for individual development, flexibility and open communication, Axis is an organization optimized to achieve new business targets.

Goals

During 2002, Axis plans to further strengthen its position by focusing on growth with profitability. The company has a strong market foundation and a favorable balance between established markets and growth markets.

For 2002, increased profits and growth figures represent expressed targets. Increased profitability is to be achieved through continued penetration of existing product areas within Networked Office and continued development of the potential in the rapidly expanding Networked Facility market segment. The demand for camera and video equipment are strong driving forces in the Neworked Facility segment.

Within the OEM market segment, existing areas of technology represent the primary growth potential for 2002.

The purpose of the reorganization carried out during the latter part of 2001 was to increase efficiency in operations, improve profitability and increase productivity. The changes are expected to begin providing results during 2002.

The long-term growth target for Axis during the period up to and including 2005 is an annual average increase in sales of 30 percent and the achievement of a margin before taxes of 10 to 15 percent during 2003 at the latest.

Environmental policy

As far as possible, Axis is to minimize the impact of its operations and products on the environment. With this purpose, the company employs a comprehensive environmental policy.

Axis works with preventative environmental measures designed to provide continual improvements in the entire life cycle of its products. Regard for the environment is to be a self-evident and integrated element of each new project. This includes making efforts to have an active dialog with contract manufacturers and sales channels on products, packaging and logistics with the purpose of encouraging suppliers to meet Axis' requirements. The economical use of resources is an important factor in the processes employed in the purchasing of office machinery and computers.

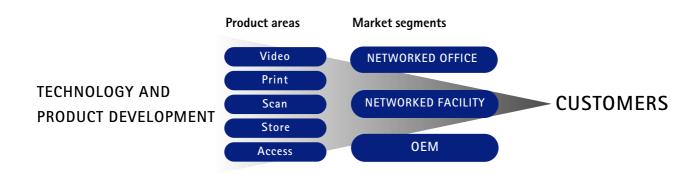
Axis has the expressed ambition of making its manufacturing processes as kind to the environment as possible. The company endeavors to minimize waste and to recycle paper and other materials to the greatest extent possible.





Axis currently operates within three clearly-defined market segments: Networked Office and Networked Facility, within which Axis sells products under its own brand, and OEM, which involves sales of equipment and technology licensing to other manufacturers. In order to meet customers' various requirements, Axis offers several product families to the different market segments.

Three strong market segments



Networked Office

The Networked Office market segment comprises networks in office environments, involving primarily network connection of printers, scanners and storage media, and to an increasing degree, network cameras. Much of Axis' origins lie in solutions for office environments, and the company has, thus, a well-established position within this segment. There is, however, favorable potential for development for both existing and new offerings. Axis' focus is on products and solutions primarily to companies and organizations with more than 50 employees.

The market within Networked Office is rather diversified. Due to extensive regional differences, increasing demand is generated by factors that vary around the world. One general impetus, however, is the move from file servers to printers connected to PCs or directly connected network printers, as well as significantly faster connection speeds resulting from upgrades from 10 Mbit to 100 Mbit network connections.

Several important agreements have been signed during the year. Axis has also worked to reinforce it distribution network and has, during 2001, signed further distribution agreements with companies including Ingram Micro, Azlan and EET Nordic in new geographic markets.

Networked Facility

With launches of products such as network cameras and video servers, Axis has begun to work with networks in environments other than traditional offices. In the rapidly expanding Networked Facility market segment, which comprises networks in, for example, facilities, production plants, warehouses and public environments, Axis has established itself as a leading player at an early stage.

Networked Facility is a young market segment, judged to have extensive future potential for Axis, focusing in the short-term perspective on video solutions. In a longer-term perspective, product areas will be extended to include other equipment used in such environments. The factor driving the market most strongly in the short-term is an increased demand for surveillance and security solutions, which, in conjunction with the shift from analog to digital solutions, creates favorable market conditions. Another important factor is increased bandwidth, which allows a broader use of sound and imaging across the Internet.

Framework agreements on security and surveillance solutions have been signed with Securitas and Honeywell, among others.

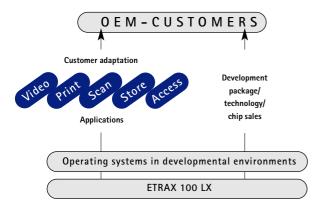
OEM

In order to efficiently coordinate sales within the area of technologies, Axis' OEM sales and direct sales of technologies have been gathered within the OEM market segment. Through the OEM licensing of existing technologies, Axis offers custom-tailored network solutions within several application areas: video, print, scan, store and access. OEM customers consist extensively of large, global manufacturers of printers and copiers, as well as companies that develop and sell video and security equipment. Customers include companies such as Canon, Sony, Minolta, IBM, Intermec, Fuji Xerox, Epson, Sharp and Panasonic.

OEM deliveries of network technology to the major global equipment manufacturers represent a diversified market and is rather heavily exposed to competition. Direct competitors include companies such as NetSilicon (U.S.) and JCI (Japan). Like all OEM operations, the greatest threat is that customers will develop their own solutions instead of using external suppliers. However, the trend within Axis' areas of operations indicates clearly that equipment manufacturers are focusing increasingly on their core operations.

During 2001, Axis strengthened its position as an internationally leading OEM supplier of custom-tailored network solutions. New agreements were signed with several global equipment manufacturers, including Panasonic (MFP servers allowing documents to be printed and distributed electronically from Panasonic's copiers) and Minolta-QMS (ETRAX chips for network connection of laser printers). Axis' existing cooperation with, for example, Canon, has been deepened and broadened to also include Bluetooth products.

During the year, some of the first customers to have bought Linux-based development packages concluded their own design processes and began to buy the ETRAX 100 LX chip. These companies include U.S.-based Corporate Systems Center, which in June 2001 signed an order valued at approximately SEK 2 M annually. To date, Axis has sold some 700 development platforms, used by customers in the first stage of their development of ETRAX-based products.



The business model for the OEM market segment is based on Axis adapting technologies to specific customers and integrating it with the customer's products. Earnings are made primarily from three sources: fees for customer adaptation projects, product sales following the completion of a project and direct sales of Axis' technologies to other development companies.

Integrated products for Canon

At the end of 2001, Axis concluded a development project for an internal print server for two of Canon's latest digital copiers, the iR1600F and the iR2000F. The product is intimately integrated within the copiers and offers support for a long list of operative systems and printer protocols. The high level of integration also makes it possible to communicate with the copier's fax and scanning functions across the network. The print server is one of the first products to employ the ETRAX 100 LX, the latest generation of network processors developed in-house by Axis.

Axis product portfolio comprises the Video, Print, Scan, Store and Access product areas. The end-users of Axis' products are mostly medium- and large-sized companies. They use the products partly in office environments and partly in other environments such as facilities, warehouses, production plants and stores.

A broad product portfolio

Video

Increased demand for network cameras and video servers has led to Video becoming the fastest growing of Axis' product areas during 2001. The company's products have received multiple awards and Axis has reinforced its leading position in the global market.

The fields of use for Axis network cameras and video servers span widely differing areas of operations. Axis works primarily within three areas: security, remote surveillance and Web attraction, i.e. providing moving images via the Internet for marketing or information purposes.

Markets and trends

The market for network cameras and video server solutions developed strongly during 2001. Customers have moved on from early installations and migrated to professional use in operational environments while, at the same time, several suppliers have made efforts to become established. As yet, the market remains at an early stage of development, with a strong foundation for continued rapid growth over the next few years.

A number of differing factors generate demand. Most tangible are the overall trends towards a generally increased security awareness, the replacement of earlier, analog CCTV systems with digital, network-based solutions and the opening of new possibilities through digital technology. Strategic cooperative alliances, such as those between Axis and large companies such as Securitas and Honeywell, also contribute to driving the market forward.

Investments in improved infrastructure and increasing bandwidth for Internet connections represent a further factor benefiting growth. In pace with greater numbers of people having access to broadband and other solutions for faster Internet connections, demand for video and audio applications is increasing.

Axis currently enjoys a unique market position, holding a 69 percent share for network cameras and a 27 percent share for video servers. (Source: Frost & Sullivan 2001.) Competition primarily involves suppliers of analog surveillance cameras and simpler PC-connected cameras, known as Web-cameras, but also from companies that offer technologies similar to Axis'. Among these are companies such as JVC, Philips, Pentax, VCS and Convision. In pace with the further development of the market, it is also likely that the competitive situation will also change and that a greater number of large-scale players will attempt to establish themselves. Some of Axis' competitive advantages include leading technology, strong position with distributors and resellers and a well-established brand.

The differences in performance and functionality between network cameras and Web or PC cameras are extensive. A Web-camera is connected to a PC, which is in turn connected to a network, while a network camera has a built-in Web-server allowing the network camera to be connected directly to the network without the need for a PC.

The past year

The demand for Axis' products and interest in them has been extensive, primarily in the U.S. market, where the level of interest from the security industry, which was already substantial, has been further reinforced following the tragic terrorist attacks of September 11, 2001. In Europe, development within this product area was also positive.

In May, Axis launched the world's first network camera, compatible with both analog and digital networks (the AXIS 2420). This allows customers to gradually upgrade their systems without having to immediately invest in a digital system.

A number of larger orders for network cameras were also received during the year. The single largest order, valued at approximately SEK 9 M, was signed in August when the Mexican elections authority ordered a camera solution for identity control.

A factor that contributed strongly to the positive development during the year was Axis' ADP program, a partnership program that links application developers to Axis. By means of technical assistance and the continual exchange of information, Axis helps selected partners to integrate video products into their software applications.

In October, the AXIS 2191 Audio Module was launched, adding sound capacity to network cameras. This increases the utility of the cameras while strength-

ening the application offering. During the year, the AXIS 2490 Serial Server was also launched. The server makes it possible to monitor and control equipment and units remotely using a "serial interface" directly via a network.

Market potential for network cameras and video servers

Year	Market potential (USD M)	Growth rate, %
2000	72	_
2001	135	86.4
2002	235	73.7
2003	398	69.4
2004	586	47.0
2005	791	35.0

Source: Frost & Sullivan, 2001

The Frost & Sullivan research company forecasts continued rapid growth for camera and video products over the next few years.

Axis video servers increase security at Sydney Airport

When Sydney International Airport carried out a program of modernization and increased capacity from 4,560 passengers per hour to slightly more than 7,000, security formed an important element of the work.

To meet stringent requirements, a total solution based on Axis' video servers and Honeywell's Digital Video Manager™ was chosen. The solution represents the first digital video surveillance system that supports integration with business systems.

"Axis' video servers are connected to more than 100 cameras, providing us with a total overview of what is going on at the airport. In addition, it is the only system we have seen that offers complete plug-and-watch functionality," says Russ Lewis, Information Manager at Sydney Airport.

Print

Within the Print product area, Axis provides intelligent print servers across all kinds of networks. Axis facilitates user-friendly print functions for network administrators and users regardless of network environment and printer. With the markets' widest range of external print server solutions, Axis is able to meet the needs of both multinational corporations and smaller companies. With print servers and protocol converters it is possible for users of different types of computers, such as PCs, Macintoshes, Unix and IBM mainframes to share one and the same printer. In addition, the efficiency of the network is increased because the print server offloads print processes from computers and fileservers, while the printing quality and reliability are increased. Integrated management tools allow network administrators to manage print servers centrally using a standard Web browser.

Mixed computer environments at the Swedish National Labor Market Board

In autumn 2001, the Swedish National Labor Market Board (AMS) installed a number of Axis' print servers for mixed computer environments. A requirement made by the customer was that the solution should support central monitoring and control in both the PC network and the IBM mainframe environment. Other factors contributing to the choice of Axis were:

AMS' previous positive experiences with Axis' products, Axis' local presence and the possibility of obtaining qualified local support.



Sydney Airpur

Axis has developed and delivered print servers since the mid-1980s. Axis' solutions are to be found partly in external servers and partly in products intended to be integrated with printer suppliers' products.

Markets and trends

The market for print servers is well developed and Axis has been an important player in this market from the very start. The company was the first to offer pioneering functionality in such areas as multi-protocol support, Web-based administration and printing via Bluetooth wireless technology. Axis is one of the three largest players in the global market. In Europe, Axis is the second largest behind Hewlett-Packard. At the end of the year, Intel, in third place among the major global players during 2001, announced that it would be withdrawing from the print server market. This makes Axis the largest print server-independent manufacturer.

Axis currently has a foundation of more than one million print servers installed. The company has an extensive distribution network and expects to continue to expand its share in this market. This market is driven by, among other things, customers'

demand that all printers be networkable and accessible by users in all network environments. Since administration is a fast-growing cost, companies also want the ability to manage all printers centrally. This benefits sales of print servers that can be controlled from a central interface.

Increasingly, printers are today sold with built-in print servers, which may negatively affect sales of external print servers. On the other hand, OEM sales are boosted by this development.

The past year

The business model for sales of print servers is based on indirect sales via distributors and resellers. Because wide availability is important in an established market, Axis has worked actively during the year to expand its distribution platform in many markets. This has benefited sales within the print server segment. Axis also works actively with many printer manufacturers, such as Ricoh, OKI and Minolta.

Among the year's larger transactions was an order for advanced print servers from a Portuguese banking group valued at slightly more than SEK 3 M. The transaction formed part of the customer's efforts to standardize its IT environment. A strong argument in the choice of supplier was the fact that Axis' print servers simultaneously support both LAN and IBM mainframe environments. Axis' strong presence and support on the Iberian Peninsula was also a decisive factor.

During the year, the Axis 5800 Mobile was launched. This is a print server that makes wireless printing possible from mobile telephones, handheld computers and laptops using Bluetooth wireless technology. The product has attracted substantial international interest.

Scan and Store

Within the Scan and Store product areas, Axis is developing solutions for document distribution, document handling and data storage. Using these solutions, users can digitize documents, distribute them and store them on central servers via the network. In addition, users can share CD-ROMs and DVDs over the network. For network administrators, the advantages also include simple installation and administration.

An increasing amount of information can be digitized to allow for easier storage and distribution. With the help of Axis' Document Server, a scanner or digital copier can be transformed into a complete center for the scanning, distribution and printing of documents. Paper documents can be easily converted into electronic documents that can be distributed via e-mail.

Information on CD-ROMs and DVDs, including manuals and encyclopedias, are often intended for use by many people within an organization. Axis' Storage Server makes it possible to share the discs across the network, giving many users the ability to simultaneously access files, software and other contents.

Markets and trends

With regard to document servers, it is primarily the need to share scanners via networks that is driving developments. In Axis' evaluation, the market in Europe for network-connected scanners will expand over the next three years.

The increasing need to digitize a growing quantity of information and to make documents accessible in electronic form favors this segment. Demand for CD-ROM/DVD servers is powered by companies' desire to provide their employees with rapid and simple access to information. Axis is a market leader in this area with a market share exceeding 70 percent.

During the coming year, Axis will endeavor to complete its offerings in the Scan product area with more total-oriented solutions. Through its broad distribution network, the company will spread its message regarding the efficiency potential created by the use of IP networks for document distribution in comparison with traditional methods such as fax.

Common to all of the products within Scan and Store is the fact that they are sold via specialized integrators as part of total solutions, within which Axis delivers the server component (intelligent network switching). Sales will therefore be dependent, in part, on the development of the integrators.

Access

Axis' access points allow mobile users to connect wirelessly to local networks. Examples of applications within this product area include zones at airports and other public spaces where users are given the opportunity to connect wirelessly to local area networks and the Internet to send e-mails and perform other tasks. In office environments, access points can also provide a simple method by which mobile users can update information on laptops, handheld computers and mobile telephones. Axis' broad expertise within network connectivity and well-established position in the market make the company a credible supplier of wireless network connectivity.

Markets and trends

The market for mobile applications is still in its infancy. The global decline in the economy and the effects this has had on companies' willingness to invest have put the brakes on development and forced several players to postpone launches.

In the current situation it is difficult to forecast how the market for wireless access points will develop during 2002. The factor causing the greatest uncertainty is when the Bluetooth standard will make its breakthrough. There already exists extensive interest, above all in Japan, in using Axis Bluetooth access points for many of the Bluetooth applications being developed.

The past year

In May, Axis secured an order for access points for Bluetooth from Japan's largest telecommunications operator, NTT. The contract concerns a pilot project in a shopping center in Osaka for local mobile services and positioning.

Axis develops solutions for network connectivity for many different products. During the year, the R&D unit worked on technical platforms, as well as on functionality, support for new protocols, and wireless communications. The focus in 2001 has been on product development and on reducing the time from concept to finished product to achieve profitability more rapidly.

Innovation that yields

A network-connected world Axis' research and development spans a broad area. The company's developers are working on Axis' platforms in the form of software and hardware for network connections, and on producing applications for use in different environments such as offices and industrial More and more products are being connected to IP-based networks. Today, there is primarily a need to connect such office products as scanners, data storage units, printers, cameras and the like in networks. In the future there will be a demand to include application areas that we can hardly imagine today. But, whatever the need, Axis' technical platforms can be used to connect equipment securely and rapidly to wired and wireless networks.

A compact and powerful solution

ETRAX, a so-called ASIC (Application Specific Integrated Circuit), that handles everything a network-connected unit must be able to do, is a cornerstone in the platforms. In a single powerful chip, ETRAX executes programs, makes calculations, and handles memory and communications with the outside world. The most recent version, ETRAX 100 LX, was developed especially to support the Linux open operating system.

Based on ETRAX and other components such as the image-compressing ARTPEC chip, Axis is building various applications that make it possible to connect units directly to a network without having to go through a personal computer. With the Axis platform, units can be connected to virtually any network, fixed or wireless. Axis also sells its technology, in the form of a developer package with ETRAX processors and development tools, to companies that want to integrate Axis technology in their own products.

The past year

The program in the field of wireless communications was focused primarily on standards for WLAN, IEEE 802.11a/802.11b. Axis is also active in the HiperLAN/2 global forum. In addition, the company played an active role in the develop-

new positions

ment of protocols and tests and the implementation of functions for the Bluetooth SIG Personal Area Network Group.

In the area of functionality, Axis developed a Linux-based developer package within the framework of the Universal Plug and Play (UPnP) Forum, an initiative in which more than 400 suppliers of computers and equipment agreed on a standard for simple and reliable connection of network equipment. An MP3 player and a network camera, developed in-house, are used as examples of applications. The camera is today a reference application and is available in connection with the introduction of Microsoft Windows XP.

In the program of new network protocols, Axis completed a prototype installation of IPv6, the new IP standard that the company will begin to implement in 2002. The installation will be used as an example in connection with the development of IPv6 functions for other Axis products.

Production of the latest generation of the ETRAX chip, which was introduced in 2000, began during the year. Innovations offered by ETRAX 100 LX include increased performance, support for the Linux open operating system and lower cost per unit resulting from a new design.

Most of the company's products were upgraded during the year to permit the use of functions in the latest version of

ETRAX. Many products were also made available with new software versions to make them simpler to use and to increase their functionality. **Patents** Following Axis' original vision - that users should have access to everything, from anywhere, any time - the company has consistently produced innovations that have given it a leading position in its field. Axis conducts an active patent program to protect investments within research and development and continually submits patent applications. Seven new patents were granted in 2001, covering the handling of embedded systems, processor systems for ETRAX and the ARTPEC compressing chip, as well as methods for network access.

Axis is characterized by a corporate culture and strong values that enable its employees to feel a sense of belonging and involvement in the company. Opportunities for personal development, initiative and assumption of responsibility, as well as open communications, make Axis an exciting workplace.

The objective is to become the employer of choice in the industry

Axis' employees are a strategically important resource for the company's future growth. Making it possible for its employees to develop and expand their knowledge is essential if Axis is to maintain its position and its state-of-the-art expertise globally. Axis offers employees incentive programs that enable them to participate in the successes to which they contribute actively. Long-term personal financial involvement in the company increases motivation and strengthens loyalty. To ensure that Axis achieves its commercial objectives and that it attracts and holds the "right" personnel, the company works strategically on human resource issues, in line with its basic strategy. Clear communications, good leadership and smooth-functioning employee-relation processes are keys to success.

Young, highly educated employees

At year-end 2001 Axis had 324 employees in 14 countries. Of this number, 146 were active in research and development and 131 were in sales, marketing and technical support. The average age of employees was 33.

Axis has been successful in attracting skilled persons to the company. Employees are given an opportunity to develop their knowledge on a continuing basis, and to share their experience with colleagues. To ensure a high level of expertise in the fu-

ture, good relationships with universities throughout the world are of great importance. Axis has for a number of years maintained continuing relationships with Lund Institute of Technology, among other institutions, and makes it possible for more than 30 students to perform graduate work in the field of research and development each year.

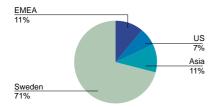
Corporate culture

Great emphasis is placed on creating a corporate culture and a work environment that enables employees to feel that they are participating in the company's success. Axis is an innovative company, with strong values that guide daily operations. Work is generally performed in teams, but the individual is able to be "unique". We believe in diversity. The company acquires and shares new knowledge in order to improve continuously – both as an organization and as individuals.

Axis, which is actively engaged in matters related to equality, developed a new "equality plan" during the year.

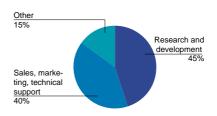
The company's management structure is decentralized and the organization has been built up in such a way that it is dynamic and able to react quickly to changes and opportunities in its business environment.

EMPLOYEES DISTRIBUTED BY REGION



The number of employees at year-end 2001 was 324 persons in 14 countries.

EMPLOYEES DISTRIBUTED BY FUNCTION



Approximately 146 of Axis' 324 employees are engaged in research and development, and 131 in sales, marketing and technical support.

Axis is selling in an international market; 95 percent of its production is exported to more than 70 countries. This provides good distribution of business risk at the same time that the company is exposed to competition and other operating and financial risks.

Spreading risk in a global market

Axis competes with such strong players as Hewlett-Packard in a number of markets. Many products are exposed to pressure on prices, product changes and introductions of new standards. To handle these risks and secure its position in the market, Axis works continuously to improve both its technology and its products. In addition, distribution and reseller channels are being further developed continuously to increase the availability of company products and to strengthen prospects in both existing and new markets. To create balance and limit risks, Axis' policy is that distributors should have not more than a one-month inventory of company products at any time. No single Axis customer should account for more than 15 percent of the Group's total sales in a year. All components are produced by subcontractors. To distribute risk and avoid various types of production problems, Axis works with a large number of suppliers in different geographical markets.

Financial risks and currency policy

As a result of its global exposure, Axis is vulnerable to financial risks related to currency, liquidity and borrowing. The Group policy covering financial operations establishes how risks are to be defined and measured, risk intervals and how responsibility and authority are delegated. A centralized financial function ensures effective control of financial risks and permits efficient handling of risk exposure.

Axis' currency policy is based on the premise that all hedging of currency flows should be on commercial terms, and non-speculative in character. Approximately 70 percent of anticipated sales, after deduction of costs, is hedged through forward currency contracts. Costs are offset against revenues in the same curren-

cy within the Group, regardless of where the revenues and costs arise. Thus, the Group's currency exposure, not that of an individual subsidiary, is hedged. If there is a risk that a change of 5 percent or more in the exchange rate, relative to the rate used in the accounts, will affect the income statement by more than SEK 0.5 M, currency hedging must be employed.

Currency flows in U.S. dollars, euros and yen – the foreign currencies that constitute the greater part of the Group's currency risk – are the main ones hedged.

Axis' subsidiaries in EMU (European Monetary Union) countries denominate sales in euros. As a result, most of the payment flows are simplified and the transparency of prices of Axis' products in the European market increases. Since 95 percent of Axis' production is exported, the weakening of the Swedish krona had a favorable impact of SEK 76 M on sales for the year.

Investing and financing

As of December 31, 2001, Axis had liquid funds of SEK 181 M, as well as unutilized credit facilities amounting to SEK 85 M. Current credit commitments pertain mainly to the financing of operations.

The Group's liquid funds may be invested in financial instruments with a remaining maturity of not more than one year. If an investment is intended to be long-term, the remaining maturity of the current investment may amount to not more than two years. The financial department uses financial derivative instruments to limit risks in accordance with the financial policy. Derivative instruments are not employed for purposes of speculation.

With a gradually improved operating structure, sensitivity to interest-rate changes will be reduced.

Income statements, SEK 000s	1996/1997	1997/1998	1998/1999	1999/2000	2000, 8 mos	2001
Net sales	393,659	521,715	559,789	695,183	493,651	696,333
of which Netch	_	_	_	60,703	42,844	20,479
Costs of goods and services sold	-194,582	-245,825	-238,835	-323,429	-283,356	-340,754
Gross profit	199,077	275,890	320,954	371,754	210,295	355,579
of which Netch	_	_	_	23,108	-18,109	-5,903
Selling costs	-110,512	-174,305	-184,212	-239,229	-186,648	-212,011
Administrative expenses	-24,338	-29,446	-36,950	-62,812	-53,483	-66,262
Research and development expenses	-49,538	-76,709	-93,657	-144,585	-133,065	-151,052
Items affecting comparability	-	25,959	-	-	-	-33,296
Other interest income	14,111	-	-	-	-	-
Other interest expense	-	-3,233	-1,163	-7,358	-2,139	-6,922
Result from participations in associated companies	_	-2,865	2,115	_	15	158
Operating profit/loss	28,800	15,291	7,087	-82,230	-165,025	-113,806
of which, Netch	-	-	-	-11,534	-56,877	-30,521
Net financial items	–701	-4,117	-6,274	19,901	-5,710	-35,687
Profit/loss after financial items	28,099	11,174	813	-62,329	-170,735	-149,493
of which, Netch	-	_	-	-12,409	-58,638	-31,691
Tax for the period	-11,660	-1,700	-2,859	18,942	35,790	48,445
Minority share in profit/loss for the period				-8,281	27,091	10,941
Net profit/loss for the year	16,439	9,474	-2,046	-51,668	-107,854	-90,107
Balance sheets, SEK 000s	30 April, 1997	30 April, 1998	30 April, 1999	30 April, 2000	31 Dec. 2000	Dec 31 2001
Fixed assets	36,109	32,636	37,218	79,420	148,651	136,611
Inventories	49,369	81,522	77,587	69,887	60,119	46,628
Accounts receivable – trade	87,075	102,390	102,277	131,996	137,960	106,339
Other receivables	13,813	17,506	31,427	34,522	73,247	18,828
Liquid funds	40,509	10,203	-	12,419	195,993	180,773
Total	226,875	244,257	248,509	328,244	615,970	489,179
Equity	79,092	87,056	85,010	27,140	379,739	273,014
Minority interests	73,032	07,030	03,010	9,905	12,125	273,014
Provisions	14,376	12,646	11,342	549	3,707	16,125
Long-term liabilities	53,587	67,495	79,713	162,822	51,363	50,000
Current liabilities	79,820	77,060	72,444	127,828	169,036	150,040
Total	226,875	244,257	248,509	328,244	615,970	489,179
Cash flow statements, SEK 000s¹)		1997/1998	1998/1999	1999/2000	2000, 8 mos	2001
Cash flow from current operating activities before change in working capital		2,664	5,932	-79,978	-107,706	-80,502
Change in working capital		-53,921	-14,493	30,270	-6,287	54,922
				-49,708		
Cash flow from current operating activities		-51,257	-8,561		-113,993	-25,537
Cash flow from investing activities		14,351	-12,985	-15,232	-38,465	-12,460
Cash flow from financing activities		6,870	10,875	77,827	336,032	22,820
Cash flow for the period		-30,306	-10,671	12,887	183,574	-15,220
Liquid funds at beginning of the period		40,509	10,203	-468	12,419	195,993
Liquid funds at end of period		10,203	-468	12,419	195,993	180,773
Operating cash flow, SEK 000s	1996/1997	1997/1998	1998/1999	1999/2000	2000, 8 mos	2001
Profit/loss after financial items	28,099	11,174	813	-62,329	-170,735	-149,493
Depreciation	5,267	7,233	8,110	13,030	13,344	19,382
Tax	-16,714	-5,658	-3,870	-1,726	–797	-4,662
Total	16,652	12,749	5,053	-51,025	-158,188	-134,773
Change in working capital	-9,722 5,840	-53,921	-14,493	30,270	-6,287	54,922
Net investments	-5,849	-17,814	-11,831	-29,634	-38,465	-12,460
Operating cash flow	1,081	-58,986	-21,271	-50,389	-202,940	-92,311

¹⁾ Figures for 1996/1997 not available.

Key ratios	1996/1997	1997/1998	1998/1999	1999/2000	2000, 8 mos¹)	2001
Net sales growth (%)	20.2	32.5	7.3	24.2	2.6	-1.62)
Gross margin (%)	50.6	52.9	57.3	53.5	42.6	51.1
Operating margin (%)	7.3	2.9	1.3	-11.8	-33.4	-16.3
Profit margin (%)	7.1	2.1	0.1	-9.0	-34.6	-21.5
Depreciation (SEK M)	5.0	7.2	8.1	13.0	20.0	19.4
Equity (SEK M)	79	87	85	27	380	273
Capital employed (SEK M)	133	155	165	200	447	339
Interest-bearing liabilities (SEK M)	54	67	80	163	51	50
Net interest-bearing liabilities (SEK M)	13	57	80	150	-145	-131
Total assets (SEK M)	227	244	249	328	616	489
Return on capital employed (%)	30.3	18.3	5.3	-28.8	-74.0	-26.8
Return on total equity (%)	17.6	11.2	3.4	-18.2	-50.7	-19.1
Return on shareholders' equity (%)	21.7	11.4	0.9	-111.3	-125.8	-45.8
Interest coverage ratio (multiple)	5.5	1.7	1.1	-5.4	-14.3	-2.4
Net debt/equity ratio (multiple)	0.2	0.7	0.9	5.6	-0.4	-0.5
Equity/assets ratio (%)	34.9	35.6	34.2	11.3	63.7	55.8
Share of risk-bearing capital (%)	41.2	40.8	38.8	11.3	63.7	57.4
Capital turnover rate (multiple)	3.5	3.6	3.5	3.8	2.3	1.8
Number of employees (average for period)	165	243	313	445	540	439
Sales per employee (SEK M)	2.4	2.1	1.8	1.6	1.4	1.6
Operating profit per employee (SEK M)	0.2	0.1	0.0	-0.2	-0.5	-0.3
Per-share data	1996/1997	1997/1998	1998/1999	1999/2000	2000, 8 mos ¹⁾	2001
Profit/loss per share, SEK per share	0.24	0.14	-0.03	-1.10	-3.89	-2.17
Cash flow, SEK per share					4.19	-0.22
Equity, SEK per share	1.40	1.54	1.51	0.20	5.50	3.96
Share price at year-end	-	-	-	_	17.50	25.00
Share price/shareholders' equity, % per share	_	-	-	-	318	429
Dividend	0.04	_	-	-	-	-
Price/earnings ratio (P/E)		-	-	-	_	-
Market value/sales (P/S)		-	-	-	1.6	1.7
Total number of outstanding shares on closing day (000s)	56,400	56,400	56,400	56,400	68,900	68,900

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

Average number of shares (000s)

Definitions

Capital employed

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

Capital turnover rate

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

Cash flow per share

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

Equity/assets ratio

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

Equity per share

Shareholders' equity divided by the number of outstanding shares.

Gross margin

Gross profit as a percentage of net sales.

Interest coverage ratio

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

Net debt/equity ratio

56,400

Net interest-bearing liabilities divided by shareholders'

56,400

56,400

Net interest-bearing liabilities

Interest-bearing liabilities reduced by liquid funds.

Operating margin

Operating profit as a percentage of sales.

Operating profit

Profit after net financial items as a percentage of

Operating profit after depreciation of tangible fixed assets

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

Market value divided by profit after full tax.

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

Profit/loss per employee

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

Profit/loss per share

56,400

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

65,775

68,900

Return on capital employed

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

Return on equity

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

Return on total capital

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

Sales per employee

Sales divided by the average number of annual employees.

Share of risk-bearing capital

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

²⁾ Compared with pro forma for 2000.

Pro forma accounts

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

CONSOLIDATED INCOME STATEMENT

					Full year					Full year
SEK 000s	Q1, 2000	Q2, 2000	Q3, 2000	Q4, 2000	2000	Q1, 2001	Q2, 2001	Q3, 2001	Q4, 2001	2001
Net sales	132,368	150,236	157,134	201,794	641,532	163,581	168,490	154,688	189,095	675,854
Cost of goods and services sold	-76,711	-62,610	-74,277	-107,911	-321,509	-84,739	-79,363	-69,021	-81,249	-314,372
Gross profit/loss	55,657	87,626	82,857	93,883	320,023	78,842	89,127	85,667	107,846	361,482
Selling costs	-53,522	-67,856	-52,409	-71,509	-245,296	-53,417	-61,302	-39,343	-49,870	-203,932
Administrative expenses	-14,378	-24,050	-15,886	-16,731	-71,045	-17,038	-16,662	-13,342	-15,523	-62,565
Research and development expenses	-39,672	-39,905	-47,043	-48,621	-175,241	-38,250	-49,797	-30,812	-32,193	-151,052
Items affecting comparability	-	-	-	-	-	-	-20,296	-	-	-20,296
Other operating income	-	-	-	2,338	2,338	-	-	-	-	-
Other operating expenses	-2,286	-458	-4,512	-	-7,256	-2,486	-484	-1,455	-2,497	-6,922
Shares in pretax profit/loss in associated companies	_	_	_	_	_	_	_	_	_	_
Net operating profit/loss	-54,201	-44,643	-36,993	-40,640	-176,477	-32,349	-59,414	715	7,763	-83,285
Net profit or loss from financial investments	27.375	-1,921	-847	-2,453	22,154	3,616	-8,555	548	-30,126	-34,517
	21,313	-1,521	-047	-2,433	22,104	3,010	-0,000	040	-30,126	-04,017
Net profit/loss after financial items	-26,826	-46,564	-37,840	-43,093	-154,323	-28,733	-67,969	1,263	-22,363	-117,802

At the end of 2001, Axis replaced the previous division organization with a functional organization in which sales are reported by product group starting with the first quarter of 2002. The table below show pro forma sales figures for 2000 and 2001.

SALES BY PRODUCT GROUP

					Full year					Full year
SEK 000s	Q1, 2000	Q2, 2000	Q3, 2000	Q4, 2000	2000	Q1, 2001	Q2, 2001	Q3, 2001	Q4, 2001	2001
Video	28,796	44,368	46,096	61,626	180,886	52,419	53,562	58,671	73,670	238,322
Print	71,486	75,111	71,768	83,667	302,032	80,821	75,326	70,562	81,828	308,537
Scan	1,979	8,025	7,592	6,761	24,356	8,211	7,904	5,781	3,281	25,176
Store	17,714	20,662	16,152	21,441	75,968	14,130	12,316	10,478	13,720	50,644
Access	0	571	69	530	1,170	1,062	677	1,273	2,146	5,158
Other	12,393	1,499	15,457	27,770	57,119	6,938	18,705	7,924	14,450	48,017
Total	132,368	150,236	157,134	201,794	641,532	163,581	168,490	154,689	189,095	675,854

Financial review

Axis AB, Corp. reg. no. 556241-1065

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

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

Comparative figures in the Board of Directors' report are proforma figures for 12 months, since the preceding fiscal year only consisted of 8 months.

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Operations

Axis develops solutions for user-friendly and secure communications over fixed and wireless networks. The Company is the leader in directly connected network solutions with a focus on products for offices, buildings and industrial environments. Axis, which was founded in 1984, has been listed on the Stockholm Stock Exchange's O list since June 2000 and on the Attract 40 list since January 2002. The Company has just over 300 employees and is active globally via its own offices in 14 countries and through partnerships with distributors and OEM partners in some 70 countries.

More than 95 percent of sales take place outside Sweden. All product development is conducted under the Company's own auspices, while production takes place through subcontractors in Sweden and in Southeast Asia. This strategy results in high flexibility, distribution of risk and an ability to quickly adapt operations to volume changes.

Comparative figures in this Board of Directors' report are pro forma figures, since the preceding fiscal year only consisted of eight months.

Important events

The year was characterized by a concerted effort to achieve profitability during the third and fourth quarters. Axis' core products, the ThinServer products, were already profitable during the first quarter and have now achieved an operating margin of more than 10 percent. To achieve greater profitability, stronger sales growth and positive cash flow, a number of structural measures were implemented at midyear.

The 59 percent holding in Netch Technologies AB was sold during 2001. During the first half of the year, the negative impact on earnings from Netch Technologies amounted to SEK 31 M. When further financing requirements arose, Axis elected to sell its holding, which was no longer regarded as strategic.

The Mobile Access Server product was sold during the year to the product area's management. The business model for this product is based on system sales to telecom operators, which diverges from Axis' core business. In conjunction with this divestment, a five-year convertible loan in an amount of SEK 7 M was issued to the new company, which gives a possible ownership share of 47.5 percent. The divestment of this product area resulted in sharply reduced investment costs in the Mobile Internet business area without im-

pacting continued investments in wireless network products based on unlicensed radio technologies.

In addition to these structural measures, an action program was implemented that included personnel reductions of about 15 percent in the U.S. and Europe. Following these changes, the earnings improvement amount to more than SEK 100 M on an annual basis as of the third quarter.

In conjunction with a decision to change premises for the head office in Lund, a property holding in Lund was sold for about SEK 13 M. This sale did not have any positive effect on earnings, since costs for the move amounted to the corresponding sum.

During the fiscal year, sales within the Camera division continued to develop positively, with a sales increase corresponding to 33 percent over sales in 2000. The increase in demand is in part due to a gradual change in the market from analog to digital systems and the fact that both business and government are investing increasingly in security-enhancing infrastructure. New solutions are constantly being developed to further enhance business opportunities and open additional application areas. Several major orders for network cameras were received during the year, and strategically important framework agreements for security and monitoring systems were signed with such companies as Honeywell and Securitas.

Interest for the Axis 9010 Access Point remains strong, particularly in the Japanese market where an important contract for a pilot project for a shopping center in Osaka was signed with NTT. At the moment, it is difficult to predict how the market for access points will develop. The greatest uncertainty is when the Bluetooth standard will achieve a breakthrough.

Within the Networked Office division, several significant contracts were signed during the year, including two major orders for print servers from Singapore Airlines and a Portuguese banking group. Despite weak market conditions, the business area increased its market share in print servers. However, prevailing market conditions resulted in a decrease in sales corresponding to 12 percent. Axis continued its efforts to strengthen the division's distribution platform and to extend partnerships to additional geographic markets with such companies as Azlan, Ingram Micro and EET Nordic.

Gross margins improved significantly as a result of the relocation of an increasingly greater share of production to Asian suppliers and falling prices for certain components. During the second half of the year, gross margin improved

by 5.7 percentage points over margins in the first six months. Currently, about two thirds of annual production is outsourced to Asian sub-contractors. For comparable units, the gross margin amounted to 53.5 percent for the full year.

The holding in the U.S. company nBand was written off in its entirety since it was concluded that the company had not succeeded in securing continued financing. The company will be liquidated during fiscal 2002. Axis' ownership share amounts to 11 percent, which was previously booked valued at slightly more than SEK 32 M.

Research and development

Following several years of intensive development work, growth in research and development costs have now been normalized. Compared with the preceding year, costs for research and development declined by 18 percent and now amount to SEK 151 M (185). The reduction is primarily attributable to a reduction in personnel implemented in conjunction with the action program and a leveling off of investments in Mobile Internet. All costs for research and development were charged against income as they arose during the year.

Through collaboration with universities and research centers and participation in such technology forums as the Universal Plug and Play Forum, the Jini Community, the Internet Engineering Task Force (IETF) and HiperLan/2 Global Forum, Axis is able to influence emerging technology, obtain valuable ideas for future product development and get an early start in the application and development of future technology.

Financing and cash flow

As of December 31, 2001, Axis had at its disposal funds totaling SEK 266 M, including liquid funds of SEK 181 M and unutilized credit commitments of SEK 85 M. The Company is thus financially strong going into 2002. Cash flow from current operations was negative in an amount of SEK 26 M. Due to the improvement in earnings and improvements in working capital, cash flow from current operations was positive in an amount of SEK 19 M during the final six months. Net investments for the year amounted to an expenditure of SEK 12 M, while cash flow amounted to SEK 15 M.

Investments

Investments in tangible assets during the year amounted to SEK 5 M (SEK 16 M) and investments in intangible assets amounted to SEK 0 M (SEK 2 M). According to the consolidated cash flow statement, net investments for the year amounted

to an expenditure of SEK 12 M, which includes SEK 13 M received for the sale of a property holding in Lund and the acquisition of a convertible loan of SEK 7 M in Aptilo Networks AB.

Incentive program

On May 23, 2001, the Annual General Meeting approved the Board of Directors' recommendation that Axis invite employees of the Axis Group to acquire a total of 310,600 warrants. The warrants were issued and transferred to employees during the year.

Ownership structure

As of the end of the fiscal year, share capital in Axis AB was SEK 689,000, divided among 68,900,000 shares with a par value of SEK 0.01. All shares are of the same share class. Axis AB had 8,582 shareholders as of the end of the fiscal year. As of the same date, the six largest shareholders owned 70 percent of votes and equity.

	Number of shares	Proportion of equity and votes
Mikael Karlsson, privately and throu companies LMK Industri AB	gh 20,017,764	29.1%
G. Kallstrom & Co AB (part of the Skanditek Group)	13,539,765	19.7%
Martin Gren, through company (Grenspecialisten AB)	8,257,471	12.0%
Livförsäkringsaktiebolaget Skandia	3,200,000	4.6%
Fjärde AP-fonden	2,964,000	4.3%
Other	20,921,000	30.3%
Total	68,900,000	100.0%

Financial performance and position

Sales for comparable units amounted to SEK 676 M (642) during the year, which was an increase of 5 percent over sales in the preceding year. Including the divested Netch Technologies AB, consolidated sales amounted to SEK 696 M (708), a decline of 2 percent from sales in the preceding year. Exchange rate effects improved income by SEK 76 M.

Operating results for comparable units improved by SEK 93 M over results in the preceding year. Including restructuring costs totaling SEK 20 M, the operating loss was SEK 83 M (loss: 176) for comparable units. Including Netch Technologies, the operating loss amounted to SEK 114 M (loss: 240), corresponding to an improvement of SEK 126 M. The Group's profitability gradually improved during the fourth quarter with an operating profit of SEK 8 M (loss: 41), an improvement in operating income of SEK 49 M. Exchange rate effects improved income by SEK 26 M.

After net financial items, the loss amounted to SEK 149 M (loss: 171). Costs of SEK 41 M relating to write-downs of shares and the holdings in nBand Technologies Inc., Poobah Inc. and Aptilo Netowrks AB were charged against net financial items.

Operating profit/loss, SEK M

	Q1, 2001	Q2, 2001	Q3, 2001	Q4, 2001	TOTAL
ThinServer products	434	706	16,327	19,617	37,084
Mobile Internet	-23,820	-24,652	-9,529	-3,861	-61,862
Groupwide functions	-8,963	-15,172	-6,083	-7,993	-38,211
	-32,349	-39,118	715	7,763	-62,989
Structural costs		-20,296			-20,296
Axis excluding Netch	-32,349	-59,414	715	7,763	-83,285
Operating margin	-19.8%	-35.3%	0.5%	4.1%	-12.3%
Netch Technologies AB	-40,325	9,804	_	-	-30,521
Group total	-72,674	-49,610	715	7,763	-113,806

The Board of Directors' Working Procedures

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

The Board of Directors has appointed a Compensation Committee whose primary assignment is to prepare decisions and guidelines relating to salaries and other terms of employment for personnel, the President and the Board members who are also Company employees. The Compensation Committee has consisted of Patrik Tigerschiöld, Östen Mäkitalo and Jan Wabréus.

Prospects for 2002

The strategic investments in technical, product and market development intended to strengthen the Company's position and enable growth continue according to plan. Axis' goal during the year is to continue develop in a profitable manner. At the same time, sales growth is expected to be weak during the first six months due to uncertain economic conditions. Further weakening of the Japanese economy toward the end of 2001 affects sales growth for Axis' own products, as well as OEM products. Nonetheless, Axis' retains its forecast of an operating profit for the full-year 2002.

The Parent Company

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

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

The Parent Company is reporting a loss before tax of SEK 178 M (loss: 141).

Key ratios for the Group

		2000,	1999/	1998/	1997/
	2001	8 mos.	2000	1999	1998
Net sales, SEK M	696	494	695	560	522
Operating profit/loss after					
financial items, SEK M	-150	-171	-62	1	11
Total assets, SEK M	489	616	328	249	244
Equity/assets ratio	56%	64%	11%	34%	36%
Return on total capital	19%	-34%	-18%	3%	11%
Return on equity	-46%	-84%	-111%	1%	11%
Profit/loss per share					
before dilution, SEK	-2.17	-2.60	-1.10	0.01	0.20
Profit/loss per share after					
dilution, SEK	-2.10	-2.55	-1.10	0.01	0.20
Number of shares before					
dilution, average, 000s	68,900	65,775	56,400	56,400	56,400
Number of shares after					
dilution, average, 000s	71,098	66,897	56,732	56,400	56,400
Number of employees at					
the end of the					
financial year	324	581	506	329	285

See note 29 for definitions.

Recommended treatment of loss in the Parent Company

The amounts below are at the disposal of the Annual General Meeting:

Operating loss for the year	SEK -58,972,590
Total, accumulated loss	SEK -58,972,590

The Board of Directors and the President recommend that the accumulated loss be treated so that:

Total	SEK -58,972,590
the accumulated loss by	SEK -58,972,590
The share premium reserve is reduced against	

Consolidated unrestricted equity corresponds to a deficit of SEK 62 M. No transfers from consolidated non-restricted equity to restricted equity are recommended.

Income statements

			Group	Parent Company		
SEK 000s	Note	2001	2000 8 mos.	1999/2000	2001	2000 8 mos.
Net sales	2	696,333	493,651	695,183	4,310	2,345
Cost of goods and services sold		-340,754	-283,356	-323,429	-	_
Gross profit/loss		355,579	210,295	371,754	4,310	2,345
Selling costs		-212,011	-186,648	-239,229	_	_
Administrative expenses		-66,262	-53,483	-62,812	-7,886	-6,065
Research and development expenses		-151,052	-133,065	-144,585	_	_
Other operating expenses		-6,922	-2,139	-7,358	-	_
Items affecting comparability		-33,296	-	-	-	-
Shares in pretax profit/loss in associated companies		158	15	-	-	_
Net operating profit/loss	3, 4	-113,806	-165,025	-82,230	-3,576	-3,720
Net profit or loss from financial investments						
Net profit or loss from shares in group companies	5	_	-	_	-67,487	-103,190
Interest income	6	8,419	5,440	29,677	13,270	27,397
Interest expense	7	-44,106	-11,150	-9,776	-120,653	-61,393
Profit/loss after financial items		-149,493	-170,735	-62,329	-178,446	-140,906
Change in tax equalization reserve		_	_	_	10,488	_
Tax on profit/loss for the year	10, 11	48,445	35,790	18,942	108,985	_
Minority share in profit/loss for the period	-,	10,941	27,091	-8,281	-	_
Net profit/loss for the year		-90,107	-107,854	-51,668	-58,973	-140,906

			Group		Parent C	ompany
ASSETS, SEK 000s	Note	Dec. 31 2001	Dec. 31 2000	Apr. 30 2000	Dec. 31 2001	Dec. 31 2000
Fixed assets						
Intangible assets	14					
Intangible assets	12	1,730	4,965	4,989	_	_
Rights	13	1,407	2,032	2,448	1,407	2,032
Total intangible assets		3,137	6,997	7,437	1,407	2,032
Tangible assets						
Buildings and land	15	-	8,024	8,193	-	-
Machinery and equipment	16	18,241	36,464	31,702	-	
Total tangible assets		18,241	44,488	39,895	-	_
Financial assets						
Equity in subsidiaries	17	-	-	-	742	2,967
Equity in associated companies	18	-	1,165	1,151	-	-
Other securities held as fixed assets	19	-	33,861	12,893	-	33,361
Shares in tenant owners' association	20	676	676	676	-	-
Receivables from associated companies		-	1,822	-	-	-
Deferred tax claims	21	111,744	58,800	16,655	108,985	-
Long-term receivables		2,813	842	713	-	
Total financial assets		115,233	97,166	32,088	109,727	36,328
Total fixed assets		136,611	148,651	79,420	111,134	38,360
Current assets						
Inventories						
Goods for resale		46,628	60,119	69,887	_	
Total inventories		46,628	60,119	69,887	-	-
Receivables						
Accounts receivable		106,339	137,960	131,996	-	-
Tax receivables		187	2,538	5,252	-	-
Receivable from Group companies		-	-	-	230,095	382,800
Other receivables		7,767	30,764	3,538	-	-
Prepaid expenses and accrued income		10,874	39,945	25,732	3,189	4,352
Total receivables		125,167	211,207	166,518	233,284	387,152
Cash and bank deposits						
Cash and bank deposits		180,773	195,993	12,419	36,632	22,666
Total cash and bank deposits		180,773	195,993	12,419	36,632	22,666
Total current assets		352,568	467,319	248,824	269,916	409,818
TOTAL ASSETS		489,179	615,970	328,244	381,050	448,178

			Group		Parent Company		
EQUITY AND LIABILITIES, SEK 000s	Note	Dec. 31 2001	Dec. 31 2000	Apr. 30 2000	Dec. 31 2001	Dec. 31 2000	
Equity	22, 23						
Restricted equity							
Share capital		689	689	564	689	689	
Restricted reserves		-	-	-	1,024	1,024	
Share premium reserve		-	-	-	349,600	458,592	
Restricted reserves		333,937	559,322	44,045	-	_	
Total restricted equity		334,626	560,011	44,609	351,313	460,305	
Accumulated loss/Non-restricted equity							
Retained earnings		-	-	-	-	30,569	
Non-restricted reserves		28,495	-72,418	34,199	-	-	
Profit/loss for the year		-90,107	-107,854	-51,668	-58,973	-140,906	
Total accumulated loss/non-restricted equity		-61,612	-180,272	-17,469	-58,973	-110,337	
Total equity		273,014	379,739	27,140	292,340	349,968	
Minority share of equity		-	12,125	9,905	-	-	
Untaxed reserves							
Tax allocation reserve	24	_	_	_	28,551	39,038	
Total untaxed reserves		-	-	-	28,551	39,038	
Provisions							
Other provisions		16,125	3,707	549	-	-	
Total provisions		16,125	3,707	549	-	-	
Liabilities							
Long-term liabilities	25						
Liabilities to credit institutions		50,000	51,363	162,822	50,000	50,000	
Total long-term liabilities		50,000	51,363	162,822	50,000	50,000	
Current liabilities							
Accounts payable		82,945	105,676	72,355	-	-	
Tax liabilities		-	-	-	-	-	
Liabilities to Group companies		-	-	-	8,006	8,001	
Other liabilities		4,076	10,658	1,295	152	78	
Accrued expenses and deferred income	26	63,019	52,702	54,178	2,001	1,093	
Total current liabilities		150,040	169,036	127,828	10,159	9,172	
Total liabilities		200,040	220,399	290,650	60,159	59,172	
TOTAL EQUITY AND LIABILITIES		489,179	615,970	328,244	381,050	448,178	
MEMORANDUM ITEMS							
Pledged assets	27	NONE	10,000	17,583	NONE	NONE	
Contingent liabilities	28	NONE	NONE	NONE	37,290	33,363	

		Group			Parent Company		
SEK 000s	Note	2001	2000 8 mos.	1999/2000	2001	2000 8 mos.	
Current operations							
Operating profit/loss before financial items		-113,807	-165,025	-82,230	-3,576	-3,720	
Depreciation and amortization		19,382	13,344	13,030	625	416	
Other items not affecting liquidity		12,438	3,507	-	-	_	
		-81,987	-148,174	-69,200	-2,951	-3,304	
Financial income received	8	5,846	5,440	708	15,340	9,645	
Group contribution received		-	-	-	6,421	-	
Financial expense paid		-	-	-	-73,908	-103,190	
Group contribution paid	9	-2,050	-6,806	-8,415	-4,597	-11,045	
Tax paid		-2,311	1,917	-14,217	-	5,548	
		1,485	551	-21,924	-56,744	-99,042	
Change in inventories		13,491	9,768	7,700	-	-	
Change in accounts receivable		16,581	-5,650	-25,832	-	-	
Change in other current receivables		44,861	-25,125	9,938	187,503	-265,999	
Change in accounts payable		-17,029	33,635	34,081	-	-	
Change in other current operating liabilities		-2,982	21,002	15,529	121	3,802	
		54,922	33,630	41,416	187,624	-262,197	
Cash flow from current operations		-25,580	-113,993	-49,708	127,929	-364,543	
Investment operations							
Investments in intangible assets		_	-1,933	-4,127	_	_	
Investments in tangible assets		-4,736	-15,567	-25,507	_	_	
Sale of tangible assets		13,568	3	_	_	_	
Investments in associated companies		_	_	-1,151	_	_	
Investments in subsidiaries		-7,792	_	-523	-	-	
Investments in other financial assets		-9,471	-20,968	-12,893	-7,500	-20,768	
Sale of other financial assets		_	_	-	-50,146	119,286	
Change in short-term financial investments		_	_	-	-	17,752	
Profit/loss upon sale of equity in subsidiaries		-4,029	_	28,969	-	<u> </u>	
Cash flow from investment operations		-12,460	-38,465	-15,232	57,646	116,270	
Financing operations							
Share premium upon issue of debt instruments		989	6,315	1,425	1,345	11,772	
New issue		-	445,520	-	-	445,520	
Change in long-term liabilities		-1,363	-111,459	77,763	-	-65,000	
Payment from minority interest		21,000	-	-	-	-	
Exchange rate differences		2,194	-4,344	-1,361	-21,959	-42,002	
Group contribution received/paid		-	-	-	-35,703	59,193	
Cash flow from financing operations		22,820	336,032	77,827	-56,317	409,483	
CASH FLOW FOR THE YEAR		-15,220	183,574	12,887	13,966	161,210	
Liquid funds at the beginning of the year		195,993	12,419	-468	22,666	-138,544	
Change in liquid funds		-15,220	183,574	12,887	13,966	161,210	
Liquid funds at the end of the year		180,773	195,993	12,419	36,632	22,666	

Notes

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

Note 1 Accounting principles

The annual report and consolidated financial statements were prepared in accordance with the Swedish Annual Accounts Act and the recommendations and opinions of the Swedish Financial Accounting Standards Council. The accounting principles are unchanged from the preceding year.

Consolidated financial statements

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

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

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

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

Translation of foreign subsidiaries

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

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

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

Minority interest

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

Associated companies

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

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

Receivables and liabilities in foreign currency

Current receivables and liabilities in foreign currency are translated at the yearend rate. Exchange rate differences are included in other operating revenues, except for exchange rate differences on liquid funds, which are reported in net financial income and expense. "Hedge reporting" is applied to hedging of future currency flows. The net profit or loss from hedging transactions is reported on the income statement for the same period as the underlying flows.

Inventories

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

Receivables

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

Research and development expenditures

Research and development expenditures are charged against income in the year they are incurred.

Income reporting

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

Tangible and intangible fixed assets

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

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

Machinery and equipment3-10 yearsLand improvements5 yearsSoftware3 yearsRights5 years

Income taxes

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

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

The early application of Recommendation 9, Income Tax, as of December 31, 2000 only affected the consolidated accounts. As of December 31, 2001, the Parent Company's accounts are also affected. Unlike previous years, the effect of the reporting of deferred tax claims has been included in unrestricted equity.

Cash flow statement

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

Leasing

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

Provisions

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

Group 2000 8 mos. 1999/2000 2001 **Document Division** 363,935 241,485 395,903 Camera Division 243,025 136,912 94,702 Storage Division 50,649 48,009 128,302 Technology Division 4,136 1,634 Other 8,892 21,597 15,573 670,637 449,637 634,480 Mobile Internet Division 5,217 1,170 Netch Technologies 20,479 42,844 60,703 493,651 Total 696,333 695,183

Net sales are distributed by geographical market as follows:

	Group						
	2001	2000 8 mos.	1999/2000				
Europe (including Middle							
East and Africa)	330,885	250,735	385,473				
Asia	155,672	108,659	113,652				
North and South America	209,776	134,257	196,058				
Total	696,333	493,651	695,183				

Note 3 Personnel

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

		Women		Men				Total		
	2001	2000 8 mos.	1999/2000	2001	2000 8 mos.	1999/2000	2001	2000 8 mos.	1999/2000	
Parent company	-	-	-	-	-	-	-	-	_	
France	5	6	4	6	9	7	11	15	11	
Hong Kong and China	3	3	7	5	3	9	8	6	16	
Japan	9	7	6	10	11	10	19	18	16	
Netherlands	1	1	-	2	2	-	3	3	-	
Singapore, Korea, Malaysia and Australia	8	9	4	12	13	6	20	22	10	
Spain and Italy	2	2	1	5	5	4	7	7	5	
Great Britain	1	2	2	5	7	5	6	9	7	
Sweden	70	81	61	255	322	237	324	403	298	
Germany	2	2	3	8	12	8	10	14	11	
U.S.	10	16	21	21	27	50	31	43	71	
Group total	111	129	109	329	411	336	439	540	445	

Salaries and other remuneration amounted to:

	Board o	f Directors & Pr	esident		Other		Total		
	2001	2000 8 mos.	1999/2000	2001	2000 8 mos.	1999/2000	2001	2000 8 mos.	1999/2000
Parent company	-	-	-	-	-	-	-	-	-
France	-	-	-	5,484	3,608	3,873	5,484	3,608	3,873
Hong Kong and China	_	-	-	1,166	1,318	2,369	1,166	1,318	2,369
Japan	_	-	-	11,702	8,362	8,857	11,702	8,362	8,857
Netherlands	_	-	-	1,353	693	-	1,353	693	-
Singapore, Korea, Malaysia and Australia	_	-	_	8,808	4,532	4,240	8,808	4,532	4,240
Spain and Italy	_	-	-	1,776	983	895	1,776	983	895
Great Britain	_	-	-	4,713	4,248	4,960	4,713	4,248	4,960
Sweden	3,227	2,212	2,426	139,198	106,519	90,139	142,425	108,731	92,565
Germany	_	-	-	4,619	3,933	4,807	4,619	3,933	4,807
U.S.	_	-	-	31,392	20,843	47,602	31,392	20,843	47,602
Group total	3,227	2,212	2,426	210,211	155,039	167,742	213,438	157,251	170,168

	Salaries and remuneration			Empl	oyer's contribu	itions	(of which pension costs)		
	2001	2000 8 mos.	1999/2000	2001	2000 8 mos.	1999/2000	2001	2000 8 mos.	1999/2000
Parent company	-	-	-	-	-	-	-	-	_
Subsidiaries	213,438	157,251	170,168	72,100	51,910	49,358	15,936	8,881	5,448
Group total	213,438	157,251	170,168	72,100	51,910	49,358	15,936	8,881	5,448

Note 3 Cont.

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

Of the Group's total pension expense, 456 (277) refers to the President of the Group. Pension expense for all employees who sit on the Board of Directors amounted to 372 (297). No pension benefits in addition to the normal pension plan are paid to senior executives.

Wages, salaries and other benefits paid to the Board of Directors and senior executives encumbered net income for the year by 3,227 (2,212), as set out below.

		Group		
Board of Directors	2001	2000 8 mos.	1999/ 2000	
Remuneration to the				
Board of Directors	325	325	325	
Salaries and remuneration	1,483	954	1,469	
	1 808	1 279	1 794	

Wages, salaries and other remuneration refers to Mikael Karlsson and Martin Gren, who are both employees of the Group. Amutual period of notice of six months is required with respect to termination or resignation of the Chairman of the Board's employment. If his employment is terminated at the request of the company, he shall be entitled to severance pay of 840.

Some directors are included in the Group's warrants program as of 1999 on equal terms to other employees.

Executive management

Wages, salaries and other remuneration paid to the President encumbered net income for the year by 1,419 (933, 8 months 2000).

A mutual period of notice of six months is required with respect to termination or resignation of the President's employment. The President is paid annual salary of 1,400 with a possible bonus of 400. If his employment is terminated at the request of the company, he shall be entitled to severance pay of 1,400.

Note 4 Audit fees

		Group		
	2001	2000 8 mos.	1999/ 2000	
Audit fees paid to Öhrlings PricewaterhouseCoopers	435	470	276	
Other fees paid to Öhrlings PricewaterhouseCoopers	847	1,477	486	
Audit fees paid to other auditors	756	485	442	
	2,038	2,432	1,204	

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

Note 5 Net profit/loss from shares in Group companies

	Parent C	ompany
		2000
	2001	8 mos.
Group contribution received	6,421	-
Write-down of shares in subsidiaries	-73,908	-103,190
	-67,487	-103,190

Note 6 Interest income and similar income items

		Group	Parent Company		
	2001	2000 8 mos.	1999/ 2000	2001	2000 8 mos.
Interest income	6,225	5,440	708	13,270	9,645
Capital gain upon sale of shares in subsidiaries	_	_	28,969	_	_
Exchange rate differences	2,194	_	-	-	17,752
Total	8,419	5,440	29,677	13,270	27,397

Note 7 Interest expense and similar profit/loss items

		Group	Parent Company		
<u> </u>	2001	2000 8 mos.	1999/ 2000	2001	2000 8 mos.
Interest expense	-2,058	-5,704	-7,902	-4,999	-10,605
Exchange rate differences	_	-4,344	-1,361	-21,959	-42,002
Write-downs of shares in subsidiaries	_	_	_	_	-8,346
Capital loss upon divest- ment of shares in subsidiaries	-330	_	_	-52,672	-
Write-downs of shares and financial instriments	-40,861	_	_	-40,560	_
Other financial expenses	-857	-1,102	-513	-463	-440
Total	-44,106	-11,150	-9,776	-120,653	-61,393

Note 8 Financial income received

		Group	Parent Company		
		2000	1999/		2000
	2001	8 mos.	2000	2001	8 mos.
Interest income	5,846	5,440	708	15,340	9,645
Other financial income	-	_	_	-	17,752
Total	5,846	5,440	708	15,340	27,397

Note 9 Financial expenses incurred

	Group			Parent Company		
		2000	1999/		2000	
	2001	8 mos.	2000	2001	8 mos.	
Interest expenses	-2,050	-5,704	-7,902	-4,597	-10,605	
Other financial expenses	-	-1,102	-513	-	-440	
Total	-2,050	-6,806	-8,415	-4,597	-11,045	

Note 10 Current tax income

		Group	Parent Company		
		2000	1999/		2000
	2001	8 mos.	2000	2001	8 mos.
Reported loss before tax	-149,493	-170,735	-62,329	-167,958	-140,906
To be added					
Taxable temporary					
differences	51,558	-	-1,592	40,111	8,346
Non-deductible expenses	2,909	1,107	1,779	-	_
To be deducted:					
Non-taxable income	-26	-50	-28,980	_	_
Expenses charged					
against equity	_	_	_	_	-30,789
Taxable loss	-95,052	-169,678	-91,122	-127,847	-163,349
Current tax income	26,614	47,510	25,514	35,797	45,738

Note 11 Tax on loss for the year

		Group	Parent Company		
	2001	2000 8 mos.	1999/ 2000	2001	2000 8 mos.
Current tax income Deferred tax income re- lating to temporary	26,614	47,510	25,514	35,797	45,738
differences Deferred tax income relating to untaxed reserves	13,733 3,499	-585 242	-2,023 -363	11,441	2,337
Deferred tax effect relating to intra-Group adjustments and changes in Group structure	r	-12,852	-6,305	_	_
Deferred tax income relating to difference in tax	4.050	4 475	0.440		
rates Effect of reporting of deferred tax claims in I egal entities	1,650	1,475	2,119	61,747	-48.075
Total tax income for the year	48,445	35,790	18,942	108,985	-

Note 12 Intangible assets

		Group	
		2000	1999/
	2001	8 mos.	2000
Acquisition value, beginning			
of year	8,340	6,407	-
Acquisitions during the year	5,257	1,933	4,127
Divestments of subsidiaries	-5,945	-	510
Reclassification			
from advances	-	-	3,790
Reclassification to			
machinery and equipment			-2,020
Acquisition value, end	= 050	0.040	
of year	7,652	8,340	6,407
Accumulated scheduled			
amortization, beginning of			
year	-3,375	-1,418	-
Scheduled amortization	-3.533	1.057	1 222
for the year Divestments of subsidiaries	-,	-1,957	<i>'</i>
	986	_	-195
Accumulated scheduled amortization, end of year	-5,922	-3,375	-1,418
Planned residual value at	0,022	0,070	1,410
the end of the year	1.730	4.965	4.989
,	.,,,,,	.,500	.,000

Items pertains mainly to software.

Note 13 Rights

		Group	Parent Company		
		2000	1999/		2000
	2001	8 mos.	2000	2001	8 mos.
Acquisition value, beginning of year	3,126	3,126	3,126	3,126	3,126
Acquisitions during the year	-	-	-	-	_
Acquisition value, end of year	3,126	3,126	3,126	3,126	3,126
Accumulated scheduled amortization, beginning of year	-1,094	-678	-52	-1,094	-678
Scheduled amortization for the year	-625	-416	-626	-625	-416
Accumulated scheduled a mortization, end of year	-1,719	-1,094	-678	-1,719	-1,094
Planned residual value at the end of the year	1,407	2,032	2,448	1,407	2,032

Item pertains to name rights.

Note 14 Advances for intangible assets

	Group				
	2001	2000 8 mos.	1999/2000		
Acquisition value, beginning of year	-	-	3,790		
Acquisitions during the year	-	-	-		
Reclassification to intangible assets	-	_	-3,790		
Acquisition value, end of year	-	_	_		

Note 15 Buildings, land and land improvements

		Group	
	2001	2000 8 mos.	1999/2000
Acquisition value, beginning of year	8,306	8,306	7,039
Acquisitions during the year	-	-	1,267
Divestments during the year	-7,039		
Acquisition value, end of year	1,267	8,306	8,306
Accumulated scheduled depreciation, beginning of year	-282	-113	_
Scheduled depreciation for the year	-985	-169	-113
Accumulated scheduled depreciation, end of year	-1,267	-282	-113
Planned residual value at the end			
of the year	-	8,024	8,193
Assessed values, Sweden	_	3,769	3,769

Note 16 Equipment

		Group	
	2001	2000 8 mos.	1999/2000
Acquisition value, balance at			
beginning of year	93,302	79,476	49,825
Acquisitions during the year	4,736	15,567	24,240
Sales and discards for the year	-17,927	-1,741	-
Acquisitions/divestments of subsidiaries	-13,652	-	3,391
Reclassification from intangible assets	-	-	2,020
Acquisition value, end of year	66,459	93,302	79,476
Accumulated scheduled depreciation,			
beginning of year	-56,838	-47,774	-35,616
Scheduled depreciation for the year	-14,239	-10,802	-11,068
Sales and discards for the year	16,384	1,738	-
Acquisitions/divestments of subsidiaries	6,475	-	-1,090
Accumulated scheduled de-			
preciation, end of year	-48,218	-56,838	-47,774
Planned residual value at the			
end of the year	18,241	36,464	31,702

Note 17 Shares in subsidiaries

Shares owned by Parent Company	Registered Office	Corp. Reg. No.	Share of votes and capital	No. of shares	Par value	Dec. 31, 2001	Dec. 31, 2000	
Axis Communications AB	Lund	556253-614	43 100%	1,600	160	342	342	
Gren&Karlsson Firmware AB	Lund	556304-620	09 100%	500	100	50	50	
Axis Technologies AB	Lund	556485-076	65 100%	500	100	50	50	
Axis Alfa AB	Lund	556599-454	47 100%	500	100	100	100	
Axis Beta AB	Lund	556599-458	38 100%	500	100	100	100	
Axis Gamma AB	Lund	556599-456	62 100%	1,000	100	100	100	
Netch Technologies AB 1)	_	-	_	_	_	-	2,225	
						742	2.967	

 $^{\rm 1)}$ The Company's holding in Netch Technologies was divested as of June 30, 2001.

Shares owned by subsidiaries	Registered Office	Share of votes and capital	Shares owned by subsidiaries	Registered Office	Corp. Reg. No.	Share of votes and capital
Axis Communications SA	France	100%	Axis Communications (S) Pte Ltd	d Singapore		100%
Axis Communications (UK) Ltd	Great Britain	100%	Axis Communications Korea Co.	Ltd. Korea		100%
Axis Communications GmbH	Germany	100%	Axis Communications Ltd Ho	ng Kong, China		100%
Axis Communications BV	Netherlands	100%	Axis Communications Ltd S	Shanghai, China		100%
AxerNet Communications SA	Spain	100%	Axis Communications Pty Ltd	Australia		100%
Axis Communications Inc	U.S.	100%	Axis Communications Ltd	Taiwan		100%
Axis Communications Ltda	Brazil	100%	Axis Communications MI Sdn Bh	d Malaysia		100%
Axis Communications KK	Japan	100%	Axis Network AB	Sweden	556505-34	50 100%
			Axis Peripherals AB	Sweden	556505-178	35 100%

Note 18 Shares in associated companies

				Book value Group			k value Company
	Share of votes and capital	No. of shares	01.12.31	00.12.31	00.04.30	01.12.31	00.12.31
Basset A/S	-	-	-	1,165	1,151	-	_
Total			-	1,165	1,151	-	_

Note 19 Other securities held as fixed assets

				Book value Group			Book value Parent Company		
Share o	of votes and capital	No. of shares	01.12.31	00.12.31	00.04.30	01.12.31	00.12.31		
nBand Communications Inc	11%	3,507,198	-	32,898	12,893	-	32,898		
Poobah Inc	2%	6,300	-	463	_	_	463		
EZ Travel AB	-	-	_	500	_	_			
Total			-	33,861	12,893	-	33,361		

Note 20 Shares in tenant owners' association

	Group		
	2001	2000 8 mos.	1999/2000
Acquisition value at beginning and end of year	676	676	676

Note 21 Deferred tax receivables

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

		Group	Parent Company		
		2000	1999/		2000
	2001	8 mos.	2000	2001	8 mos.1)
Deferred tax claims ²⁾					
Tangible and intangible fixed assets	31	_	_	_	
Financial assets	11,441	-	-	11,441	
Inventories	2,677	3,623	5,304	-	
Other provisions	2,461	-	-	-	
Accumulated loss carry-forwards	103,044	66,645	23,055	97,544	
Other items	84	_	_	-	
	119,738	70,268	28,359	108,985	

	Group			Parent Company	
(cont.)	2001	2000 8 mos.	1999/ 2000	2001	2000 8 mos. ¹⁾
Deferred tax liabilities ²⁾					
Tax equalization reserve	7,994	10,931	10,931	-	
Tangible and intangible					
fixed assets	-	537	773	-	
	7,994	11,468	11,704	-	
Net deferred tax claims	111,744	58,800	16,655	108,985	

- ¹⁾ Deferred tax is taken into account in legal entities beginning with the 2001 fiscal year. For the preceding fiscal year, deferred tax was only taken into account in the consolidated accounts.
- ²⁾ Deferred tax liabilities to the same tax authority are reported net in deferred tax receivables as of 2001. The preceding year has been adjusted accordingly.

Note 22 Change in equity

Group		Share capital	Restricted reserves	Non-restricted reserves	Profit/loss for the year	Total equity
Balance, beginning of year		689	559,322	-180,272	-	379,739
Reduction of premium fund		_	-110,338	110,338	_	_
Transfers between restricted and non-restricted e	quity	_	-114,017	114,017	_	_
Share premium upon issuance of debt instrument	s with					
attached warrants		_	989	_	_	989
Exchange-rate change on warrants held by the C	ompany	_	-367	_	_	-367
Change in Group structure		_	-1,652	-15,588	_	-17,240
Profit/loss for the year		-	-	-	-90,107	-90,107
Balance, end of year		689	333,937	28,495	-90,107	273,014
Parent Company	Share capital	Statutory reserve	Premium fund	Profit/loss brought forward	Profit/loss for the year	Total equity
Balance, beginning of year	689	1,024	458,592	-110,337	-	349,968
Reduction of premium fund	_	_	-110,337	110,337	_	_
Share premium upon issuance of debt instrument	is					
with attached warrants	_	_	1,345	_	_	1,345
Profit/loss for the year	-	-	-	-	-58,973	-58,973
Balance, end of year	689	1,024	349,600	_	-58,973	292,340

Note 23 Equity

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

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

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

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

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

Beneficiary	Maturity date	Subscrip- tion price	No. of warrants	No. of shares	Dilution
Personnel in Europe and Asia	Oct. 1, 2004	19.50	430,000	430,000	0.60%
Personnel in Europe and Asia	Sep. 30, 2005	54.00	1,128,000	1,128,000	1.60%
Personnel in Europe and Asia	Sep. 30, 2005	63.00	172,250	172,250	0.30%
Personnel in Europe and Asia	Oct. 2, 2006	18.00	221,600	221,600	0.30%
Personnel in the United States	Oct. 1, 2004	19.50	140,000	140,000	0.20%
Personnel in the United States	Sep. 30, 2010	48.00	172,250	172,250	0.30%
Personnel in the United States	Oct. 2, 2006	18.00	89,000	89,000	0.10%
Total			2,353,100	2,353,100	3.40%

Note 24 Untaxed reserves

	Parent Company	
	2004	2000
	2001	8 mos.
Tax allocation reserve, 1996 tax year	-	10,488
Tax allocation reserve, 1997 tax year	9,112	9,112
Tax allocation reserve, 1998 tax year	14,403	14,403
Tax allocation reserve, 1999 tax year	2,767	2,767
Tax allocation reserve, 2000 tax year	2,268	2,268
Total untaxed reserves	28,551	39,038

Note 25 Long-term liabilities

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

Note 26 Accrued expenses and deferred income

		Group	Parent Company		
	2001	2000 8 mos.	1999/ 2000	2001	2000 8 mos.
	2001	o ilios.	2000	2001	0 11103.
Accrued payroll expense	17,046	21,383	17,186	-	-
Accrued employer's					
contributions	13,472	14,718	10,273	-	-
Other accrued expenses	32,501	16,601	26,719	2,001	1,093
Total	63,019	52,702	54,178	2,001	1,093

Note 27 Pledged assets

	Group			Parent Company	
	2001	2000 8 mos.	1999/ 2000	2001	2000 8 mos.
Lien on assets in Netch Technologies AB	_	10,000	-	-	-
Pledged shares in Netch Technologies AB	_	_	17,583	_	_
Total	_	10,000	17,583	-	-

Note 28 Contingent liabilities

	Parent Company	
		2000
	2001	8 mos.
Contingent liabilities to the benefit of other Group companies	37,290	25,571
Secured portion in addition to pro rate portion in the ongoing new issue in Netch Technologies	_	7,792
Total	37,290	33,363

Note 29 Definitions of key ratios

Equity ratio

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

Return on total assets

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

Return on equity

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

Profit/loss per share before dilution

Profit/loss after net financial items divided by the average number of shares.

Profit/loss per share after dilution

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

Lund, February 12, 2002

Mikael Karlsson

Chairman

Peter Ragnarsson

President

Dag Tigerschiöld

Patrik Tigerschiöld

Nils Rydbeck

Martin Gren

Jan Wabréus

Östen Mäkitalo

Audit report

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

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Axis AB for the financial year January 1, 2001 – December 31, 2001. These accounts and the administration of the company are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

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

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

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

Lund, February 12, 2002

Öhrlings PricewaterhouseCoopers AB

Anders Lundin

Authorized Public Accountant

Senior Auditor

Dan Andersson

Authorized Public Accountant

Board of Directors and Auditors







Patrik Tigerschiöld



Martin Gren



Nils Rydbeck



Dag Tigerschiöld



Jan Wabréus



Östen Mäkitalo

Board of Directors

Mikael Karlsson, born 1962

Board Chairman

Board Chairman of IT-Öresund. Vice Chairman of the Institute for Economic Research at University of Lund and the Technology Bridge Foundation Lund. Board member of Beijer Electronics AB, Decuma AB, Ruben Rausings Fund, SEB in Lund, Southern Sweden Chamber of Industry and Commerce and Visionalis AB. Member of the Royal Academy of Engineering Science and the Advisory Council at the Lund College of Economics. Member of the Board since 1984. President 1984–1999. Chairman since 2000. Shares in Axis: 20,017,764 ¹ Warrants in Axis: 0

Patrik Tigerschiöld, born 1964

Vice Chairman

President of Skanditek Industriförvaltning AB. Board Chairman of CMA Microdialysis AB, The Chimney Pot AB and Theducation AB. Board member of, among others, H Lundén Kapitalförvaltning AB, Mydata Automation AB, PartnerTech AB, PBK Outsourcing AB, Skanditek Industriförvaltning AB and Vitrolife AB. Member of the Board since 2001.

Shares in Axis: 5,000 Warrants in Axis: 0

³ Issued by LMK Industri AB.

Martin Gren, born 1962

Board Chairman of Innolite. Board member of Switchcore AB and Itact AB.

Member of the Board since 1984.

Shares in Axis: 8,257,471 ²

Warrants in Axis: 1,000.

Nils Rydbeck, born 1946

Board member of Anoto AB, Ctech AB and Ericsson Technology Licensing AB. Member of Advisory Committee School of Management North Carolina State University.

Member of the Board since 1997. Shares in Axis: 0

Dag Tigerschiöld, born 1942

Warrants in Axis: 3.000

Board Chairman of LGP Telecom Holding AB and Mydata Automation AB. Board member of Skanditek Industriförvaltning AB, Industriförvaltnings AB Kinnevik and Investment AB Öresund. Member of the Board since 1986. Chairman 1994–1999. Shares in Axis: 2,427,600

Jan Wabréus, born 1941

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

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

Shares in Axis: 0

Warrants in Axis: 3,000

Call options in Axis; 20,000³

Östen Mäkitalo, born 1938

Strategy Director, Telia Mobile AB. Board Chairman of Centre for Distance-Spanning Technology at Luleå University of Technology. Board member of Aaro Systems AB, isMobile AB (Telia part-owner), Goyada AB, Foreveryneed AB and Swedish Institute of Space Physics. Member of the Royal Academy of Engineering Science.

Member of the Board since 2000.

Shares in Axis: 0

Call options in Axis: 5,000³

Auditors

Warrants in Axis: 0

Öhrlings PricewaterhouseCoopers Senior Auditor Anders Lundin, born 1956 Authorized Public Accountant Assigned to Axis since 1996.

Dan Andersson, born 1956 Authorized Public Accountant Assigned to Axis since 2001.

Deputy auditor

Gustav Jönsson, born 1950 Authorized Public Accountant Assigned to Axis since 1984.

¹ Privately and through LMK Industri AB.

²Through AB Grenspecialisten.

Group management



Bengt Christensson



Anders Laurin



Charlotta Falvin



Bengt-Arne Molin



Kenneth Jonsson



Ray Mauritsson



Peter Ragnarsson



Jörgen Lindquist



Kerstin Thulin



Anne Rhenman



Bodil Sonesson

Executive Group management

Group function managers

Segment managers

Executive Group management

Peter Ragnarsson, born 1963 President and Chief Executive Officer Employed within Axis since 1995. Shares in Axis: 10,750 Warrants in Axis: 164,000

Charlotta Falvin, born 1966
Executive Vice President and Chief
Operating Officer
Employed within Axis since 1994.
Shares in Axis: 10,750
Warrants in Axis: 20,600

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

Bengt-Arne Molin, born 1958
Executive Vice President and Chief
Technology Officer
Employed within Axis since 1999.
Shares in Axis: 750
Warrants in Axis: 4,800

Kerstin Thulin, born 1948

Executive Vice President and Chief
Personnel Officer

Employed within Axis since 2001.

Shares in Axis: 1,000

Warrants in Axis: 1,000

Group function managers

Bengt Christensson, born 1960 Vice President, Strategic Alliances Employed within Axis since 1986. Shares in Axis: 140,750 Stock options in Axis: 75,000

Kenneth Jonsson, born 1960 Vice President, Engineering Employed within Axis since 1985. Shares in Axis: 10,750 Warrants in Axis: 5,000

Anne Rhenman, born 1957
Director, Investor Relations &
Corporate Communications
Employed within Axis since 2000.
Shares in Axis: 1,000
Warrants in Axis: 61,000

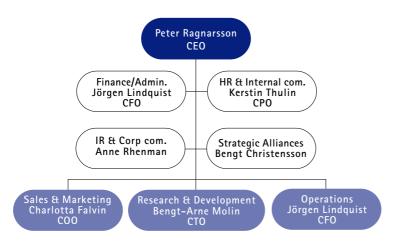
Segment managers

Anders Laurin, born 1960 Vice President, Networked Facility Employed within Axis since 1997. Shares in Axis: 8,350 Warrants in Axis: 51,000

Ray Mauritsson, born 1962 Vice President, OEM Employed within Axis since 1995. Shares in Axis: 13,000 Warrants in Axis: 21,000

Bodil Sonesson, born 1968 Vice President, Networked Office Employed within Axis since 1996. Shares in Axis: 750 Warrants in Axis: 26,000

Group management



Axis on the stock exchange

Axis was listed on the Stockholm Exchange O-List on June 27, 2000. As of January 1, 2002, the Axis share is included on the Attract 40 list. Total trading was 16,826,912 shares, resulting in a turnover of 67,308 shares per day. The share was traded on all trading days on the Exchange, with an average value of SEK 1.1 M per trading day. The rate of turnover during the year was 24 percent.

The Axis share price rose 47 percent during the year. The Stockholm Exchange General Index fell 17 percent during the same period. The Axis share closing price on December 31, 2001 was SEK 25.00, corresponding to a market capitalization of SEK 1,722 M.

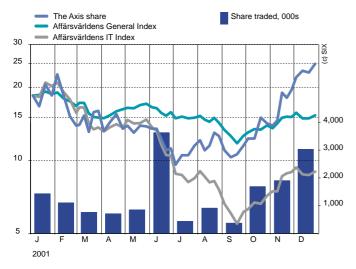
Share capital

The share capital amounts to SEK 689,000, distributed among 68,900,000 shares, each with a par value of SEK 0.01.

Share capital distribution

Year	No. of shares	Par value (SEK)	Share capital (SEK)
1984	500	100.00	50,000
1985	5,040	100.00	504,000
1987	5,640	100.00	564,000
1997	564,000	1.00	564,000
1999	56,400,000	0.01	564,000
2000	68,900,000	0.01	689,000

SHARE TREND



The Axis share price rose 47 percent during 2001.

Ownership

The number of shareholders at December 31, 2001 was 8,582 (8,226). Institutional owners with holdings exceeding 50,000 shares accounted for 21 percent. The percentage of foreign owners was 3 percent.

On June 7, 2001, the redemption agreement ceased to apply for the principal share owners and certain senior executives.

Axis' ownership structure is shown in the table below as of December 28, 2001.

	No. of shares	Percentage of capital and votes
Mikael Karlsson, private and through companies (LMK Industri AB)	20,017,764	29.1%
G Kallstrom & Co AB (part of Skanditek Group)	13,539,765	19.7%
Martin Gren, through companies (Grenspecialisten AB)	8,257,471	12.0%
Livförsäkringsbolaget Skandia	3,200,000	4.6%
Fjärde AP-fonden	2,964,000	4.3%
Others	20,921,000	30.3%
Total	68 900 000	100 0%

Ownership structure

Share-	No. of	No. of share-			No. of	
holding	shares	%	holders	%	votes	%
1–500	1,303,572	1.89	5,982	69.70	1,303,572	1.89
501-1,000	1,218,203	1.77	1,386	16.15	1,218,203	1.77
1,001-10,000	3,217,031	4.67	1,101	12.83	3,217,031	4.67
10,001-50,000	1,363,470	1.98	70	0.82	1,363,470	1.98
50,001-100,000	785,150	1.14	11	0.13	785,150	1.14
100,001-	61,012,574	88.55	32	0.37	61,012,574	88.55
Total	68,900,000		8,582		68,900,000	

Dividend and dividend policy

The Board and the President propose that no dividend be paid for 2001. Dividend policy will continue to be restrictive pending the operations generating a positive cash flow as well as earnings and a financial position that permits payment of a dividend.

Warrant program

Since 1999 all employees of the Axis Group has been offered to take part in several incentive programs. For more information, see note 23 on page 34.

See page 19 for per-share data.

ASIC

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

Bluetooth

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

Broadband

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

CD-ROM

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

DVD

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

Ethernet

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

HiperLAN/2

A standard for high-speed wireless LANs that supports data rates up to 54 Mbit/s. This system is similar to 802.11a and uses the same 5 GHz frequency band.

IEEE 802.11

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

ΙP

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

LAN

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

Linux

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

Mbit/s

Megabits per second = one million data bits, zeroes and ones, per second. This is a measure of how quickly data is transmitted over a communication link.

MFP

Multi-Function Peripheral. Hardware that combines several functions in a single unit, such as a combined fax, copier, printer and scanner.

Network connectivity

The physical (wired or wireless) and logical (protocol) connection of a computer network or an individual device to a network, such as the Internet or a LAN.

OEM

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

PDA

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

Print server

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

Protocol

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

Server

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

TCP/IP

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

Thin server

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

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Financial information for 2002

Three-month interim report April 19, 2002
Six-month interim report July 19, 2002
Nine-month interim report October 18, 2002
Year-end report February 2003
Annual Report 2002 March 2003

Axis's financial information is available in Swedish and English on the Axis Web site at: www.axis.com/corporate/investor/

The annual report can be ordered from:

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Analysts who monitor Axis on a continuing basis

Company	Name
Danske Securities	David Jacobsson
Deutsche Bank	David Halldén
E. Öhman J:or Fondkommission	Stefan Wigstrand
Enskilda Securities	Mattias Wallander
Erik Penser Fondkommission	Henrik Ingvarsson
Handelsbanken Securities	Jonas Eixmann
JP Nordiska	Mikael Laséen
Nordea Securities	Greger Johansson
REDEYE	Pontus Herin

Dividend

The Board and the President propose that no dividend be paid for 2001.

Nomination of Board members

Those shareholders who wish to propose names in advance for new Board members may contact the Chairman Mikael Karlsson in writing at the following address: Axis AB, Emdalavägen 14, SE-223 69 Lund, Sweden, or by telephone: +46-46 272 18 00.

Invitation to Annual General Meeting

The Annual General Meeting is being held at Edison Park, Emdalavägen 14, Lund, Sweden, on Wednesday, April 25, 2002 at 5:00 p.m.

Shareholders who wish to participate in the Meeting must be listed in the share register maintained by VPC AB (Swedish Securities Register Center) no later than Monday, April 15, 2002. Those shareholders whose shares are registered in the name of a trustee, must in sufficient time ensure that the shares are re-registered at VPC in their own name, so-called voting right registration, on the aforementioned date.

Notice to participate must also be made to Axis AB no later than 4:00 p.m., Friday, April 19, 2002. At notification, the shareholders should provide name, personal identification or corporate registration number, address and telephone number. If participation is by proxy, this document must be forwarded prior to the Meeting. In connection with notification, the number of assistants that the shareholder wishes to bring should be noted. Notification can be made

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





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