

Lund, 10 February, 2015

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Statement of the Board of Directors of Axis in relation to Canon's public offer

The Board of Directors of Axis has based on a financial short and mid-term perspective concluded to unanimously recommend that the shareholders of Axis accept the public offer made by Canon.

Background

This statement is made by the Board of Directors (the "**Board of Directors**") of Axis Aktiebolag (the "**Company**" or "**Axis**") pursuant to section II.19 of Nasdaq Stockholm's Rules concerning Takeover Bids on the Stock Market (the "**Takeover Rules**").

Canon Inc. ("**Canon**") has today announced a public offer to the shareholders of Axis to transfer all of their shares in Axis to Canon for a consideration of SEK 340 in cash per share in the Company (the "**Offer**").

The total value of the Offer is approximately SEK 23.6 billion¹ and represents a premium of:

- approximately 49.8 per cent compared to the closing price of SEK 226.9 for the Axis share on Nasdaq Stockholm on 9 February 2015, which was the last trading day prior to the announcement of the Offer;
- approximately 64.4 per cent compared to the volume-weighted average price paid of SEK 206.8 for the Axis share on Nasdaq Stockholm during the last 30 trading days prior to announcement of the Offer;
- approximately 70.6 per cent compared to the volume-weighted average price paid of SEK 199.3 for the Axis share on Nasdaq Stockholm during the last 90 trading days prior to announcement of the Offer; and
- approximately 35.6 per cent compared to the highest quoted price paid for the Axis share since the Axis share was first admitted to trading on 27 June 2000 (which was SEK 250.8, recorded on 29 November 2013).

¹ Based on 69,461,250 outstanding shares in the Company.

About Axis Communications

Axis offers intelligent security solutions that enable a smarter, safer world. As the global market leader in network video, Axis is driving the industry by continually launching innovative network products based on an open platform - delivering high value to customers through a global partner network. Axis has long-term relationships with partners and provides them with knowledge and ground-breaking network products in existing and new markets.

Axis has more than 1,900 dedicated employees in more than 40 countries around the world, supported by a network of over 75,000 partners across 179 countries. Founded in 1984, Axis is a Sweden-based company listed on NASDAQ Stockholm under the ticker AXIS. For more information about Axis, please visit our website www.axis.com

However, it should be noted that the Offer will be adjusted for any dividend distributed by Axis made prior to the settlement of the Offer. The Board of Directors of Axis has proposed a dividend of SEK 6.00 per share with a record date on 25 March 2015. If the Axis' Annual General Meeting decides upon the proposed dividend, the adjusted Offer would be SEK 334 per share.

The acceptance period of the Offer is expected to commence on 3 March 2015 and is expected to expire on 1 April 2015. The Offer is conditional upon, inter alia, being accepted to such an extent that Canon becomes the owner of more than 90 per cent of the shares in Axis. Canon has reserved the right to waive this and other completion conditions according to the Offer. The Offer is not conditional upon financing. For further details about the Offer, please refer to Canon's press release.

The Board of Directors has, at the written request of Canon, given Canon permit to carry out a limited confirmatory due diligence investigation in connection with the preparation for the Offer. Canon has in connection with such investigation not received any non-public price-sensitive information.

Each of the Company's three largest shareholders², which together hold approximately 39.5 per cent of shares and votes in the Company³, have through separate agreements entered into in January 2015, undertaken to accept the Offer and transfer their respective shares to Canon subject to certain conditions⁴.

Board members Gustaf Brandberg, director of the board of directors of Inter Indu AB, Olle Isberg, employed by LMK Industri AB, and Martin Gren, through Aktiebolag Grenspecialisten one of the main shareholders in the Company, have, due to conflict of interest based on the above mentioned undertakings, not participated in the Board of Directors' handling of, or decisions relating to, the Offer. All of the remaining board members of the Company, which are all independent in relation to the Company, the management and the Company's major shareholders, have participated in the handling of the matter and, hence, required quorum of the Board of Directors has been satisfied.

The Board of Directors has engaged Morgan Stanley & Co. International plc as financial advisor and Gernandt & Danielsson Advokatbyrå KB as legal advisor in relation to the evaluation of the Offer. Deloitte AB ("**Deloitte**") has, by instruction from the Board of Directors, provided a valuation report (a so called *fairness opinion*).

² Inter Indu AB, LMK Industri AB and Aktiebolag Grenspecialisten.

³ Based on 69,461,250 outstanding shares in the Company.

⁴ The undertakings are conditional on no other party announcing a competing offer for all outstanding shares in Axis at a price per share that exceeds the Offer price by more than 3.0 per cent (the "**3.0% Hurdle**") and Canon deciding not to match such competing offer (the "**Right to Match**") within five business days. The 3.0% Hurdle and the Right to Match apply to each and every competing offer and each and every increase of the offer price under any competing offer. The undertakings are further conditional on the Offer being declared unconditional not later than 31 August 2015.

The Board of Directors' recommendation

The development of Axis has been very positive since the Company became the first company in the world to introduce a network camera. The introduction marked the beginning of the shift in the overall video surveillance market from analog to digital technology, making Axis market leading. Axis has over the years developed its position within the fields of network cameras and surveillance cameras and hence built one of the strongest trademarks in the overall video surveillance market. The success of the Company is today built on three main factors: a global scope, a strong and wide partner network and innovative technical solutions. Since the launch of the first network camera, the number of employees has increased to today's approximately 1,900 employees, spread among 49 countries. The growth has been almost exclusively organic. Axis' products reach the global market by way of 70 distributors and a fine-meshed network of close to 75,000 partners in 179 countries.

The development of Axis may be illustrated with the following. The Axis share was first admitted for trading in 2000. A shareholder who has been a shareholder since the initial public offering has received a cumulative annual return, including dividend, of approximately 15.2 per cent. The share price has, since the initial public offering, increased by a total of 691.1 per cent (adjusted for made dividends). The OMX Stockholm 30 index has during the same period of time increased by 92.4 per cent (adjusted for made dividends).

The underlying market for the Company's current core offering, network video products, is continuously increasing in a rate which external market research institutions estimate to 16 and 22 per cent, respectively. The Company's position in the field of surveillance cameras is excellent and there are several geographical areas and adjacent product lines with significant growth potential, benefitting from the strong global brand name. During the last year, the Company has, for example, extended its product range by introducing a solution for network based access control systems, which has been received very positive by the Company's existing customers and partners.

As communicated by Axis in connection with the publication of the year-end report for 2014 on 30 January 2015, the Company is continuing to release new products at a fast pace, which also includes an increasing part of software solutions. Axis is in a unique position to continue the global expansion and strengthen its position on the market of network-based surveillance solutions as well as other parts of the security market. On this basis, the Board of Directors is of the opinion that Axis' commercial base is excellent and that the Company's long-term potential is strong. Based on the market activity and the continued steady inflow of new projects, Axis' view on the market's current growth rate, given the current business plans, remains unchanged. The Company's long-term financial goals are an average annual growth of at least 20 per cent and a profit margin of at least 10 per cent.

A more aggressive growth strategy for the future may, in the Board of Directors' opinion, include significant strategic acquisitions, which Axis has not applied so far, but for which the Company has a solidly built foundation: a well-established and highly respected brand name, a unique global channel and partner network, excellent capacity for product and technology development and product sourcing, and an extraordinary corporate culture. A growth strategy which also includes acquisitions could, with respect to the Company's unique position in an interesting and growing market, imply a long-term interesting

development, but of course also includes other risks and challenges than the Company has had to handle historically.

The evaluation of the Offer must be made in relation to the Company's present position and the opportunities available going forward as well as the risks associated with the continued development. In that respect, the Board of Directors has taken a number of factors into account which the Board of Directors has deemed relevant to the evaluation of the Offer. These factors include, but are not limited to, the Company's present position and the Company's potential future development and the thereto related opportunities and risks.

The Board of Directors notes that the Offer implies a premium of approximately 49.8 per cent compared to the closing price of SEK 226.9 for the Axis share on Nasdaq Stockholm on 9 February 2015 and a premium of approximately 64.4 per cent and 70.6 per cent compared to the volume-weighted average price for the Axis share on Nasdaq Stockholm during the last 30 and 90 trading days, respectively, prior to announcement of the Offer. Compared with the highest quoted price since the Company's share was first admitted to trading, which was SEK 250.8 (on 29 November 2013), the premium corresponds to approximately 35.6 per cent. However, the Offer will be adjusted for any dividend distributed by Axis. The Board of Directors has proposed a total dividend of SEK 6.00 per share for the financial year 2014 with a record date on 25 March 2015, which will be deducted from the Offer price of SEK 340 if it is paid prior the settlement of the Offer⁵.

Furthermore, the Board of Directors has obtained a valuation opinion (a so called fairness opinion) from Deloitte regarding the Offer which was delivered to the Board of Directors on 10 February 2015. Deloitte's opinion, which is set forth in the appendix to this press release, is that the Offer is to be considered as fair from a financial perspective for the Company's shareholders.

When evaluating the Offer, the Board of Directors has also considered that shareholders representing approximately 39.5 per cent of shares and votes in the Company⁶ have undertaken to accept the Offer.

Under the Takeover Rules, the Board of Directors must, based on the statements made by Canon in its press release issued earlier today, present its opinion regarding the impact that the implementation of the Offer will have on Axis, particularly in terms of employment, and its opinion regarding Canons' strategic plans for Axis and the effects it is anticipated that such plans will have on employment and on the communities in which Axis conducts its business. In this respect, the Board of Directors notes that Canon has stated that Canon has the utmost respect for Axis' management team and dedicated employees and intends to preserve the excellent employee relations and unique culture that exist at Axis. Following completion of the Offer, Axis' current management team will remain in place and Axis' headquarters, development centres and sales offices will stay where they are today. The strong Axis brand name will be maintained and applied in all relevant markets. Furthermore, Axis will continue to remain as a separate legal entity within the Canon Group. Axis will operationally and financially report to Canon's CEO.

The Board of Directors has no reason to question these statements.

⁵ If the Axis Annual General Meeting decides upon the proposed dividend, the adjusted Offer would be SEK 334 per share.

⁶ Based on 69,461,250 outstanding shares in the Company.

In its assessment, the Board of Directors has, based on a financial short to mid-term perspective, concluded to unanimously recommend the shareholders to accept the Offer. However, a majority of the independent directors of the Board of Directors is of the opinion that the Company, based on its solid commercial, technological and cultural platform described above, applying a strategy that includes also acquisitions, has a potential for an accelerated growth that could create a greater value than the Offer and thus be of interest for investors with a long term perspective.

Roland Vejdemo, Chairman of the Board of Directors is of the following opinion. He supports the view of the majority of the independent directors of the Board of Directors that Axis has a potential for an accelerated growth that could create a greater value than the Offer and thus be of interest for investors with a long-term perspective. However, he is of the opinion that the current stand-alone plan would not lead to a greater value than Canon's offer in a long-term perspective. New future scenarios, including acquisition strategies, which the Board of Directors, together with its financial advisors, have modeled to assess the opportunities for Axis to achieve a greater value than Canon's offer, includes too many and great risks. Roland Vejdemo has also, amongst other, taken into account the advice of the financial advisor of the Board of Directors when forming his opinion. Therefore, he recommends for shareholders to accept the offer from Canon also in a longer term perspective.

This statement shall in all respects be governed by and construed in accordance with substantive Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts.

Lund on 10 February 2015
Axis Aktiebolag (publ)
The Board of Directors

For questions and further information, please contact:

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This statement has been made in a Swedish version, which has been translated into English. In case of any discrepancies between the Swedish and the English text, the Swedish text shall prevail.

Axis discloses the information provided herein pursuant to the Securities Market Act and the Takeover Rules. The information was submitted for publication on 10 February 2015 at 08.10 a.m. CET.