



NOCOM

Year-End Report 2000

Based on the audited accounts for Nocom AB (publ), fiscal year 2000.

Year 2000

- Turnover increased 29 percent to SEK 242.0 million (187.3).
- Operating loss before depreciation amounted to SEK -41.6 million (8.1), which bore structural investments of SEK 36 million and bad debt losses of SEK 9 million.
- Losses before tax amounted to SEK -60.9 million (1.8), corresponding to SEK -2.05 (-0.05) per share.
- Total number of employees at the end of the year was 241 (146).
- The new share issue generated SEK 230 million, which enabled the strategic expansion of services and investments in mobile internet and e-logistics.
- Turnover within service operations, consulting and deployment services increased 305 percent to SEK 72.1 million (17.8). This corresponds to 30 (10) percent of the total turnover.
- Acquisition of Tradevision, provider of real-time supply chain management, gives Nocom a leading position in international e-logistics. Nocom owns 70 percent and SAS 30 percent.
- Nocom and Europolitan start a joint-venture company, Mobile Relations, with a focus on mobile intranet and extranet solutions.
- Nocom's strong financial position and excellent customer relations, based on fifteen years of operations, together with the expertise enhancement that has occurred give Nocom the prerequisites to take full advantage of present market opportunities.

Fourth quarter, 2000

- Turnover increased 26 percent to SEK 90.6 million (71.9).
- Operating loss before depreciation amounted to SEK -16.3 million (3.2), which bore structural investments of SEK 6 million and bad debt losses of SEK 6 million.
- Losses before tax amounted to SEK -23.3 million (-0.1).
- Several significant deals were confirmed during the fourth quarter, including the following:
 - A larger international agreement concerning expert services within content management and the delivery of e-business platforms with deployment in several European countries during the spring of 2001.
 - Agreement with IKEA for the delivery of products and services for server access.
 - E-logistics services for, among others, SAS Cargo, the Win Group, Schreiner Airways Cargo, Braathens and Sterling Courier.

Strengthened customer appeal, expansion and international business

Nocom helps its customers make information more accessible with the help of IT solutions and mobile applications.

Nocom provides consulting services within strategy, market communications and IT, as well as software licensing services such as ASP services, managed hosting, expert support and training. With these services, Nocom can take all-encompassing responsibility for the solutions it delivers.

During the year, Nocom strengthened its appeal to customers by increasing the portion of services and expanding service content. Through several acquisitions, Nocom has received new leading-edge expertise, and through its subsidiary Tradevision, a world-leader within e-logistical solutions, it has begun an internationalization with business in Europe, the US and Asia.

In Sweden, Nocom has strengthened its advanced position in regards to mobile extranet solutions for businesses. Deliveries have been made to leading Scandinavian companies within the banking and financial sector and within the travel industry. Nocom has also moved forward in other areas and won several agreements dealing with complex content-management solutions.

Long-term customer responsibility

Since the beginning in 1985, Nocom has provided innovative software solutions to large Nordic companies with export/technology orientations, such as Volvo, Ericsson, Telia, SAS, Pharmacia, IKEA and SEB. These solutions have, to a great extent, helped safeguard business-critical systems and increased accessibility to business-critical information. Nocom's technical goal has always been to provide solutions based on open standards to ensure future-safe customer investments. Through multi-year service and maintenance agreements with several large Nordic companies, Nocom has always made a priority of long-term customer responsibility. This long-term customer responsibility is a great asset and a basis for Nocom's future development.

Nocom's market

The Internet and the new mobile technology create new business opportunities for Nocom's customers. A company's ability to communicate with customers, suppliers and partners via its IT system is often what determines its competitive power. The development of IT processes has become an integrated part of most companies' business and organizational development. Information flows can and must be changed to make them customer-oriented. Previously, business-critical information could only be reached by a company's own personnel from fixed terminals within the company network. Through extranet solutions, this information can now be accessed by customers and partners, via the Internet and mobile terminals. Understanding customers' needs and how technology and supporting IT infrastructure help develop business relations with key clients is of vital importance.

New business opportunities arise in associations between the flow of information and the flow of goods. Having control over the flow of goods in the logistical processes by having real-time information on the flow of goods is vital for all export- and import-oriented companies. Logistics and supply chain management have been central issues for many years for the participants in the global flow of goods, where *just-in-time* and *time-definite* are key words. The Internet and emerging wireless technologies offer considerable opportunities to further develop business and control capabilities for logistics in a cost-effective manner.

Even in associations between information flow and the increasingly mobile customer/business traveler, new business opportunities arise. The globalization of commerce leads to increased business travel. Customers, suppliers and partners are no longer in the immediate vicinity of one another or even in the same country. Because of this, efficient business travel processes for all parties is gaining importance. The major breakthrough of cellular telephones and other wireless devices opens new opportunities for the travel industry. The ability to provide services for potential customers with wireless devices will become extraordinarily important for most companies, but particularly for companies within the travel industry seeking to increase their competitive strength.

During the year, Nocom has invested heavily in expertise enhancement and infrastructures for the mobile Internet. Among other things, Nocom has developed its own platform for mobile intranet/extranet services, MobileCtrl. Nocom is thus well equipped for the market expansion of mobile services expected to occur during the coming years.

Together with Europolitan, Nocom has developed WAP Direct®, a quick and secure operating service for mobile applications. On October 3, 2000, a joint company was established, Mobile Relations, for the marketing and sales of mobile Internet services for businesses. Mobile Relations combines the considerable resources of mobile phone operator Europolitan with Nocom's solid knowledge of how effective intranet and extranet solutions are created.

During the year, Nocom has gained a major influx of expertise both within the travel industry, through its subsidiary Nocom Mobile Commerce Solutions, and in the transportation/logistics sector, through Tradevision.

Against this background – the considerable investments made during the year and our extensive technical knowledge and long-term customer responsibility – Nocom is well-equipped with an exciting service and product platform to take advantage of the future business opportunities within expanding industries.

New share issue and investments

In February 2000, a new share issue was carried out, directed to international and Swedish institutions. This brought the company SEK 230 million after the costs of the issue. Based on this new share issue, the above-mentioned acquisitions and structural investments in technology, expertise enhancement, marketing and organization were made. Investments within mobile solutions and e-logistics have been prioritized. These investments have weighed predominantly in Nocom's losses.

Strong partnerships

During the year, Nocom strengthened or established several important partnerships. Three can be given special emphasis. The first is the collaboration with Nokia in the mobile sector. The second is the partnership with Europolitan through the joint company Mobile Relations, where Nocom owns 49 percent to Europolitan's 51 percent. The third is the partnership with SAS in Tradevision, in which SAS retained 30 percent ownership.

The year 2000 – a year of extremes for IT companies

Extreme highs and lows affected the IT sector during 2000; partly in the financial market but even in the IT market itself. Companies lacking good customer relations and with weak financial positions have been and will continue to be vulnerable. The development on the IT market during the year has, for Nocom's part, meant weak growth during the first three quarters with a certain degree of recovery during the fourth quarter. With its strong customer relations and financial position, Nocom has a good outlook for strengthening its positions during the coming year.

2001 and beyond

During the coming year, Nocom counts on making gains on the investments made during 2000. We foresee a marked improvement during 2001. Through Tradevision, one of the leading companies in the world within e-logistics, Nocom will continue international investments within this area. The investment will burden earnings. During 2001, Nocom intends to continue investing in management and IT consulting services for the travel industry.

The prospects for further expansion of operations in the Nordic market are seen as favorable. Nocom's expansion will be achieved both through organic growth and strategic acquisitions. The new share issue in February provided the financial prerequisites required to assure the planned expansion of operations. We foresee no further financing activities necessary under our current plans.

Within consulting and deployment services, Nocom's goal is an annual growth of 50 to 100 percent. The goal for earnings in these sectors is to achieve a sustainable operating profit margin averaging 12 percent over a business cycle within a period of two to three years.

In regard to software activities, the long-term goal is to achieve an annual growth of at least 20% and an operating profit margin of 10 percent. We expect to achieve these goals within two years.

Turnover and losses 2000

The group turnover increased 29 (17) percent during the year. Turnover for the fourth quarter increased 26 (26) percent. The increase in turnover from the third to the fourth quarter was 97 (92) percent .

Turnover, group (SEK, millions)	2000 Full year	1999 Full year	2000 Oct-Dec	1999 Oct-Dec
Software operations	169.9	169.5	68.7	61.6
Consulting operations	51.5	8.5	17.5	5.2
Deployment services	20.6	9.3	4.4	5.1
Total	242.0	187.3	90.6	71.9

The group losses have been enhanced by the relatively weak and turbulent market situation during the year. The net total also bears large structural investments in technology, marketing and organization, approximately SEK 36 million, and bad debt totaling SEK 9 million, of which SEK 6 million is associated with one specific customer project.

Operating profit/loss and profit/loss

before tax, group (SEK, millions)	2000 Full year	1999 Full year	2000 Oct-Dec	1999 Oct-Dec
Software operations	7.3	32.1	4.5	11.1
Consulting operations	-15.4	0.2	-8.8	-0.3
Deployment services	-1.2	-3.5	-3.0	-1.6
Group expenses	-32.3	-20.7	-9.0	-6.0
Operating profit/loss before depreciation	-41.6	8.1	-16.3	3.2
Depreciation (tangible assets)	-15.3	-5.4	-5.3	-2.5
Amortization (intangible assets)	-8.1	-1.4	-2.8	-0.6
Profit/loss from financial investments	4.1	0.5	1.1	-0.2
Profit/loss before tax	-60.9	1.8	-23.3	-0.1

Software operations

Tradevision AB was consolidated on August 14, 2000 and is included with turnover of SEK 15.8 million and an operating loss before depreciation of SEK -8.1 million. During the fourth quarter, other software operations recovered and show operating profit before depreciations, excluding Tradevision, of SEK 12.3 million.

Consulting operations

Turnover increased markedly during the year. However, the overall utilization of capacity for the consultants during the year was too low, even considering that a not-inconsiderable portion of available consulting time was spent on structural investments. This, in combination with a substantial loss as a result of a customer failing to make payment, burdened earnings considerably.

Deployment services

Turnover increased markedly during the year. Both turnover and earnings during the fourth quarter were affected negatively by the ongoing restructuring and relocation of operations. Moreover, during the fourth quarter, several

of the dot.com companies' service agreements were cancelled early. After the relocation is accomplished, much better prerequisites will exist for an expansion of operations.

Group expenses

Group expenses include the costs associated with the strategic work of the group regarding expansion, business development, coordination and financing. The group expenses during the year have been affected by the large investments made and the expansion strategy through acquisitions.

Financial position

The group's financial equity/assets ratio (solvency) amounted to 72 (43) percent on 31.12.00. The balance sheet total during the year increased from SEK 156.7 million to 426.5 million. The increase in assets appears primarily in the items for intangible assets, accounts receivable and liquid assets. Intangible assets refer to goodwill totaling SEK 105 million. Goodwill depreciates over 10 years.

Accounts payable increased by about 50 percent and at the end of the year amounted to SEK 102.2 million. Normally, the group binds much of its capital in accounts payable at the end of the year. A delay in invoicing Tradevision has entailed that funds bound in accounts payable increased temporarily by approximately SEK 12 million.

Available liquid assets, including short-term placements and the unused portion of the overdraft facility amounted to SEK 139.2 million (29.8) on 31.12.00.

Group interest-bearing liabilities were SEK 16.4 million (20.4). SEK 16.4 million (16.0) of the interest-bearing liabilities on 31.12.00 were related to financial leasing.

The cash flow from current operations for the year was SEK -48.2 million, which bears structural investments and bad debts. The liquidity effect of the high level of bound capital in accounts payable will benefit Nocom during the first quarter of 2001.

Investments

The group made net investments of SEK 32.4 million (16.3) in machinery and equipment during the year. The majority, approximately SEK 22 million, is the result of the restructuring and relocation of the deployment service activities that are presently ongoing and are expected to be complete during the first half of 2001.

Nocom acquired the following companies during the year 2000:

- Hera AB. The acquisition occurred through a new issue of 978,500 B-series shares after the implemented bonus share issue.
- Interactive-TM AB. Acquisition for SEK 10 million in cash.
- Cyberink Information Systems AB. The acquisition occurred through a new issue of 609,624 shares.
- 70 percent of Tradevision AB. Acquisition for SEK 12 million in cash. Nocom thereafter provided the company with SEK 30 million via a new share issue.

The group's other investments in financial assets amounted to SEK 11.6 million, of which investments in the jointly owned company with Europolitan, MR Mobile Relations AB was SEK 4.8 million.

In January 2001, the group acquired outstanding minority holdings (30 percent) in Nocom Mobile Commerce Solutions AB for SEK 6.3 million.

Employees

The number of employees in the group was 241 (146) as of 31.12.00. Of these, 111 were employed in software operations, 93 in consulting operations and 19 in deployment services. The other 18 include joint functions and group management.

New members of the board

Two new members have joined the board of directors during the year. In conjunction with the Annual General Meeting held in April, Michael Grimborg, director of revenues at TV 4, was elected to the board, and at the Extra General Meeting in June, Per Westerberg, member of the Swedish Parliament, was elected.

Parent company

The turnover of the parent company for the period was SEK 56.1 million (81.6). Operating losses amounted to SEK -39.2 million (-14.0). Comparison figures for turnover and operating profit/loss have been affected by the restructuring of operations that was carried out during the third quarter of 1999. Available liquid assets, including short-term investments and the unused portion of the overdraft facility, were SEK 87.3 million (18.8) on 31.12.00. The number of employees in the parent company on 31.12.00 was 58 (23).

New share issue

Nocom issued new shares in February, which provided the company, after the costs of the issue, with about SEK 230 million.

In conjunction with employees redeeming subscription option rights in February and August, 1,500 and 5,500 new shares were issued at respective instances. The acquisitions of Hera AB and Cyberink Information Systems AB were made through the new emissions. See Investments above.

Issue of bonus shares

At the Annual General Meeting held on April 11, 2000, it was decided to increase the company's share capital through an issue of bonus shares. The decision means that a further four shares were obtained for each existing share in Nocom.

Nocom shares

Nocom's B-series shares have been quoted on the Stockholm Stock Exchange O-list since 1999. The share price, adjusted during the period for the bonus issue, has varied during the year from a low of SEK 8 to a high of SEK 118. The price on December 29, 2000 was SEK 10.50 and Nocom's market value was SEK 280 million. The number of shareholders in Nocom as of 29.12.00 was 6,407.

Nocom' share capital amounts to SEK 26,651,380 distributed among 26,651,380 shares, each with a nominal value of SEK 1. Of these, 3,718,130 shares are of the A-series and 22,933,250 shares are of the B-series.

Change in total number of shares	A-series	B-series	Total
Number of shares on 01.01.00	943,626	3,649,550	4,593,176
New share issue, February		540,000	
New share issue, February regarding redeemed options		300	
New share issue, March regarding acquisition of Hera		195,700	
Bonus shares 4:1	3,774,504	17,542,200	
Conversion of shares, July	-1,000,000	1,000,000	
New share issue, August regarding redeemed options		5,500	
Total shares 2000-12-31	3,718,130	22,933,250	26,651,380
Directed placement, Cyberlink acquisition, not registered with PRV		609,624	
Total shares	3,718,130	23,542,874	27,261,004

Subscription option rights

Outstanding option program as of 31.12.00 is shown in the following table:

Options program	Available subscription options	Acquired subscription options	Redeemed options	Acquired, unredeemed subscription options 2000-12-31	Redemption price/option	Redemption of options period
1999/2003	1,250,000	394,000	7,000	387,000	47,60	2000-01-01--2003-01-15
2000/2002	375,000	367,300	-	367,300	57,10	2002-03-01--2002-04-30
2000/2003	375,000	359,000	-	359,000	69,32	2003-03-01--2003-04-30

Authorization

At the Annual General Meeting on April 11, The Board of Directors was authorized, until the next general meeting and with a divergence from the stockholders' preferential rights, to resolve on the issue of not more than 2,500,000 new B-series shares after resolving on a bonus issue. The objective is to increase the board's ability to make acquisitions of companies and businesses as well as carry out a directed placement towards capital markets in order to strengthen its capital position. Previous authorizations for new stock issues were terminated simultaneously.

Of the authorized quantity, 609,624 have been used in the acquisition of Cyberink Information Systems AB.

Dividends

The board of directors' dividend policy is that dividends shall be equal to approximately 30 percent of profits after taxes. For the 2000 fiscal year, the board proposes no dividends.

Annual General Meeting

The Annual General Meeting will be held on Thursday, April 26 at 4:30 p.m. at Slottsbiografen, Nedre Slottsgatan 6, Uppsala, Sweden.

Financial reporting

Annual Report	2000	March 2001
Interim Report	January-March 2001	April 26, 2001
Interim Report	January-September 2001	August 17, 2001
Interim Report	January-September 2001	October 25, 2001

Uppsala, Sweden, February 2, 2001

The Board of Directors

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NB. This report is available in Swedish and English. The English version is virtually the same as the Swedish report. If deviations between the Swedish and the English version occur, the Swedish version should apply.

Summary of group profit and loss statement

(SEK, millions)	2000	1999	2000 Oct-Dec	1999 Oct-Dec
Net sales	242.0	187.3	90.6	71.9
Costs of sales and services	-183.0	-122.5	-70.4	-48.8
Gross profit/loss	59.0	64.8	20.2	23.1
Sales and administration costs	-124.0	-63.8	-44.6	-23.0
Other income	-	0.3	-	-
Operating profit/loss	-65.0	1.3	-24.4	0.1
Profit/loss from financial investments	4.1	0.5	1.1	-0.2
Profit/loss before tax	-60.9	1.8	-23.3	-0.1
Tax	0.0	-2.9	1.5	-1.8
Minority share of period's profit/loss	4.5	-0.0	3.4	-0.0
Profit/loss	-56.4	-1.1	-18.4	-1.9

Summary of group balance sheet

(SEK, millions)	001231	991231
ASSETS		
Fixed assets		
Intangible assets	105.1	25.9
Tangible assets	51.9	25.7
Financial assets	18.8	7.1
Total fixed assets	175.8	58.7
Current assets		
Stock/inventory and work in progress	3.9	5.2
Other current assets	25.8	14.1
Trade debtors/accounts receivable	102.2	66.4
Short-term investments	27.7	-
Cash and bank	91.1	12.3
Total current assets	250.7	98.0
TOTAL ASSETS	426.5	156.7
EQUITY AND LIABILITIES		
Total equity	293.2	67.1
Minority shareholdings	15.3	0.9
Long-term liabilities		
Interest-bearing liabilities	7.0	10.4
Total long-term liabilities	7.0	10.4
Current liabilities/accounts payable		
Trade creditors	45.6	17.2
Interest-bearing liabilities	9.4	10.0
Other current liabilities/accounts payable	56.0	51.1
Total current liabilities	111.0	78.3
TOTAL EQUITY, PROVISIONS AND LIABILITIES	426.5	156.7

Summary of cash flow

(SEK, millions)	2000	1999	2000 Oct-Dec	1999 Oct-Dec
Cash receipts from customers	208.0	162.7	49.6	42.9
Payments to suppliers and employees	-258.9	-173.2	-68.8	-49.7
Interest received	4.8	1.2	1.3	0.3
Interest paid	-1.5	-0.7	-0.3	-0.4
Income tax paid	-0.6	-1.4	-0.1	-0.0
Cash flow from current operations	-48.2	-11.4	-18.3	-6.9
Cash flow from investments	-71.6	-28.3	-27.9	-6.2
Cash flow from financing	226.3	2.3	0.4	2.5
Cash flow for the period	106.5	-37.4	-45.8	-10.6

Business ratios¹

	2000	1999	2000 Oct-Dec	1999 Oct-Dec
Gross margin, %	neg	4.4	neg	4.5
Operating margin, %	neg	0.7	neg	neg
Profit margin, %	neg	1.0	neg	neg
Equity/assets ratio (solvency), %	72.5	43.4		
Return on equity, %	neg	neg	neg	neg
Return on capital employed, %	neg	3.5	neg	0.3
Interest coverage ratio	neg	3.7	neg	0.8
Capital employed, SEK million	310.5	87.6		
Net interest-bearing liabilities ² , SEK million	-102.4	8.2		
Net debt to equity ratio ²	-0.35	0.12		
Number of employees at end of period	241	146		
Average number of employees	194	118	238	145
Turnover per employee, SEK million	1.2	1.6	0.4	0.5
Value added per employee, SEK million	0.23	0.65	0.03	0.26
Equity per share, SEK	11.00	2.92		
Equity per share, taking into account all outstanding subscription rights ³ , SEK	13.96	5.47		
Number of shares at end of period	26,651,380	22,965,880		
Number of shares at end of period, taking into account all outstanding subscription rights	28,644,380	24,215,880		
Average number of shares	25,881,505	22,287,240	26,651,380	22,965,880
Average number of shares, taking into account all outstanding subscription rights	27,503,326	22,290,665	28,644,380	22,969,305
Earnings per share, SEK, full tax (based on number of shares at end of period, taking into account all outstanding subscription rights)	-1.97	-0.04	-0.65	-0.08
Earnings per share, SEK, full tax (based on average number of shares, taking into account all outstanding subscription rights)	-2.05	-0.05	-0.65	-0.08

¹⁾ In compliance with the definitions of the Swedish Society of Financial Analysts

²⁾ A negative value means that interest-bearing assets exceed interest-bearing liabilities.

³⁾ Adjusted for full utilization of outstanding subscription options equivalent to 1,993,000 B-shares, which upon full subscription increase equity by SEK 106.6 million. As of 31.12.00, 1,113,300 options have been subscribed and not redeemed, which increases equity by SEK 64.3 million. The majority of non-subscribed options are from the option program of December 1999. Equity per share, adjusted for subscribed options amounts to SEK 12.88.

Quarterly accounts

(million SEK)	Turnover	Profit/loss before tax	Profit margin %	Cash flow from current operations
Quarter 1 2000	48.1	-6.9	neg	9.9
Quarter 1 1999	31.8	2.0	6.2%	6.0
Quarter 2 2000	57.4	-17.3	neg	-8.4
Quarter 2 1999	45.1	2.0	4.5%	-3.5
Quarter 3 2000	45.9	-13.3	neg	-31.4
Quarter 3 1999	38.5	-2.0	neg	-7.0
Quarter 4 2000	90.6	-23.3	neg	-18.3
Quarter 4 1999	71.9	-0.1	neg	-6.9