

2002

Year-end Report january - december

based on audited year-end accounts for Nocom AB (publ)
Swedish corporate identity number 556400-7200

Fourth Quarter 2002

- The fourth quarter was Nocom's strongest for five years in terms of results – operating profit before depreciation totaled SEK 4.0 (-17.0) million
- Sales totaled SEK 39.9 (79.1) million
- Profit/loss after financial items totaled SEK -3.8 (-67.8) million
- Cash flow from current operations was positive and totaled SEK 3.9 (10.1) million, despite being burdened with SEK 7.6 million attributed to the action plan

The Year 2002

- Sales totaled SEK 150.8 (280.4) million
- Operating profit/loss before depreciation totaled SEK -39.3 (-75.8) million
- Profit/loss after financial items totaled SEK -87.1 (-187.9) million, of which about SEK 38 million comprised one-off costs as follows:
 - Goodwill write-down SEK 19.1 million
 - Action plan SEK 19.0 million
- Cash flow from current operations totaled SEK -18.4 (-41.4) million
- An extensive action plan comprising both operational changes and personnel reductions has been implemented. The annual savings are estimated at SEK 40 million
- In September 2002, Christer Magnusson was appointed Chairman of the Board

Strong End to 2002

Nocom ended the year 2002 with its strongest quarter for five years in terms of results. Operating profit before depreciation totaled SEK 4.0 (-17.0) million for the quarter. And this despite the entire year being characterized by a weak IT market. Software sales were, as is traditional, strong during the fourth quarter, and support and service contract renewals continued well, unaffected by the declining market.

The positive result is also due to the far-reaching action plan implemented this past fall and the successful restructuring of our operations and organization. During 2003, the positive effects of these changes will have an even greater impact, in terms of both profit and cash flow. Our offering is now well adapted to the market and our clients' needs.

Cost-savings Determine IT Investments

Our offerings within software, support, service, professional services and training are concentrated in Uppsala. The collected expertise found here creates increased efficiency and a good foundation for continued profitability. Sales within this area are stable and Nocom has a strong market position, with relationships stretching back many years with market-leading software suppliers, customers, partners, and resellers. During 2003, our focus will be on complementing our product portfolio within our selected segments of analysis, security, integration, development tools and infrastructure, as well as to increase the number of partners and resellers.

Demand within host access, that is, access to a company's central computer system, continues to be high. We see increased interest in the new web-based solutions and access via thin PC clients, which helps customers to reduce their IT costs considerably, such as through centralized administration. This is reflected in the general situation in the IT market, where companies are increasingly limiting their investments to areas where they can attain immediate cost-savings. During the year 2002, and at the beginning of 2003, we received considerable orders within host access from customers such as Telia, Posten, Ikea, and Nordea.

Secure and Cost-effective Hosting

Hosting operations in the e-channel center and Travelutions are concentrated in Solna. This is an optimal location for the e-channel center in terms of infrastructure, as here we have, for example, direct access to the backbone network of the Internet, which creates redundancy, high security, and cost-effectiveness. The majority of the customers for these operations are also found in Stockholm.

Travelutions' offering is aimed at the travel industry, and comprises consulting services within strategy, market, price revenue management, logistics, distribution, and IT strategies.

Stability and the Long-term

Naturally, Nocom has been affected by the generally weak IT market. Both the financial market and our customers place tougher demands on long-term perspectives and financial stability. IT investments have dropped in general and today the decision process in many companies is more complex and takes considerably more time than before.

Nocom, with almost 18 years in the market, represents the long-term perspective that is sought after. It is also satisfying to end the year with positive cash flow and a good financial position.

We are entering the new year with great confidence. The past two years have been years of great change, but our ambition is that 2003 shall be a year of stability and profitability.

Increased Software Sales

Sales for the fourth quarter totaled SEK 39.9 (79.1) million. For all of 2002, sales totaled SEK 150.8 (280.4) million. The reduction in sales compared to the previous year can be explained in part by the business segments that have been divested or wound down, and in part by the general low level of activity in the IT market. During the fourth quarter, an increase in volume was reported for software sales. This, in combination with a stable stock of support and maintenance contracts, provided for a good quarter in terms of sales.

Net sales, per business unit:

Net sales, SEK millions	Full year 2002	Full year 2001	Oct-Dec 2002	Oct-Dec 2001
Nocom	104.6	180.5	27.7	54.9
Nocom Partner Network	46.2	43.9	12.2	12.0
Divested business segments	-	61.3	-	12.9
Less intragroup sales	-	-5.3	-	-0.7
Group	150.8	280.4	39.9	79.1

Nocom

Nocom's sales, excluding distribution operations in Nocom Partner Network, totaled SEK 27.7 million for the fourth quarter and SEK 104.6 (180.5) million for the whole of 2002.

Operating profit before depreciation for the fourth quarter totaled SEK 3.3 (-0.9) million and for the whole of 2002 totaled SEK -40.1 (-43.2) million.

The market was also marked by uncertainty and generally weak demand during the fourth quarter. Despite this, Nocom's software sales developed well, primarily WRQ's products for host access. The service area also had a good quarter, with support and maintenance contracts – primarily within integration, development tools, and infrastructure – representing the major share of the sales. Our customers are primarily large and medium size companies within banking and finance, telecommunications, industry, and trade.

During the fourth quarter, the Nocom e-channel center for hosting operations reaped the rewards of its market adaptation within the organization and its offering in the form of an improved result and increased orders. The mobile SMS services that the e-channel center supplies via the associated company Mobile Relations are also experiencing continued strong growth.

The market conditions for our consulting operations, with IT strategy, system design, system development, and project management, successively worsened throughout the year, which led to this business area being completely wound down in conjunction with the action plan of last fall.

Nocom Partner Network

For the fourth quarter of 2002, Nocom Partner Network, with sales via partners and resellers, reported sales at a level equal to that of the same period the previous year. Sales totaled SEK 12.2 (12.0) million and operating profit before depreciation was clearly improved and totaled SEK 0.6 (-7.4) million. In addition to Sweden, Nocom Partner Network also has operations in Norway and Finland.

Sales for the whole of 2002 totaled SEK 46.2 (43.9) million and operating profit before depreciation totaled SEK 2.3 (-6.9) million.

During the year, Nocom's product portfolio was complemented with products from Sybari and iCognito within the security field, Macromedia within development tools, and AppDancer within analysis. The potential for further growth is judged to be good.

Positive Result

The fourth quarter was the company's strongest for five years in terms of results and, for the first time since 1999, we can report a positive quarterly result. Operating profit before depreciation totaled SEK 4.0 (-17.0) million. The result improvement is a consequence of increased sales volumes and the cutbacks that have been implemented.

The result after financial items for the fourth quarter totaled SEK -3.8 (-67.8) million.

The Group's operating profit/loss before depreciation for the whole of 2002 totaled SEK -39.3 (-75.8) million. The result after financial items totaled SEK -87.1 (-187.9) million, an improvement of slightly more than SEK 100 million.

Since the fall of 2001, the Group has reported successive improvements in the result despite the harsh market climate. The action plan from the fall entailed winding down consulting operations and the rationalization and optimization of support functions such as sales, marketing, and finance. In total, about 50 positions were affected and the annual cost-savings are estimated at about SEK 40 million. SEK 19 million was reserved for action plan costs during the third quarter of 2002. At the end of the year, SEK 8.8 million of this reservation remained.

Operating profit and profit after financial items, per business unit:

Operating profit and profit after financial items, million SEK	Full year 2002	Full year 2001	Oct-Dec 2002	Oct-Dec 2001
Nocom	-40.1	-43.2	3.3	-0.9
Nocom Partner Network	2.3	-6.9	0.6	-7.4
Profit/loss from participations in associated companies	-1.5	-2.9	0.1	-0.6
Divested business segments	-	-22.8	-	-8.1
Operating profit/loss before depreciation	-39.3	-75.8	4.0	-17.0
Depreciation of tangible assets	-21.3	-23.8	-7.6	-6.5
Amortization of intangible assets	-6.6	-7.2	-0.7	-1.6
Write-downs, intangible assets	-19.1	-24.4	-	-17.7
Profit/loss from financial investments	-0.8	-5.4	0.5	-1.2
Divested business segments	-	-51.3	-	-23.8
Profit/loss after financial items	-87.1	-187.9	-3.8	-67.8

Investments and Financing

Investments of SEK 0.2 (-29.9) million net were made during the fourth quarter. During 2002, net investments totaled 0.3 (30.6) million. Investment needs during 2003 are assessed to continue to be low.

Interest-bearing liabilities as of December 31, 2002 totaled SEK 3.8 (12.4) million, all of which concern financial leasing.

Solidity at the end of the period was 20 (51) percent.

Pledged assets were reduced by SEK 25.2 million in the fourth quarter. At the same time, committed lines of credit were reduced by SEK 10 million. No changes were seen in contingent liabilities during the year (see latest annual report).

Cash Flows and Liquid Assets

Cash flow from current operations for the fourth quarter totaled SEK 3.9 (10.1) million. The action plan implemented in September burdened the cash flow in the fourth quarter by SEK 7.6 million. The action plan is expected to burden cash flow by a further SEK 8 million in 2003 and SEK 2 million in 2004.

For the whole of 2002, cash flow from current operations totaled SEK -18.4 (-41.4) million. Cash flow during the year was affected positively by improvements in operating capital in the amount of SEK 15.7 (30.8) million.

Cash flow for the year from investment activities, primarily attributed to financial leasing, totaled SEK -9.3 (-31.7) million.

At the end of the period, available liquid assets totaled SEK 17.1 (44.4) million. In addition to this, there were unutilized committed lines of credit totaling SEK 7.0 (18.5) million.

Personnel

The number of employees within the Group at the end of the year was 92 (155). After the implementation of the action plan, the number of employees is expected to total no more than 80.

Parent Company

The Parent Company's sales for the year 2002 totaled SEK 17.7 (68.2) million. Profit/loss after financial items was SEK -148.2 (-120.3) million.

As of December 31, 2002, stockholders' equity totaled SEK 57.9 (202.9) million. Investments in tangible fixed assets totaled SEK 0.6 (5.7) million.

As of December 31, 2002, available liquid assets, including unutilized committed lines of credit, totaled SEK 8.6 (50.5) million.

The number of employees within the Parent Company at the end of the period was 23 (54).

Nocom's Long-term Financial Goals

Operating Margin

Profitability is the overall, governing goal. Expressed as an operating margin, the goal is a minimum of ten percent. The operating margin for 2002 was negative.

Cash Flow

The Group's goal with regard to cash flow from current operations is that it shall equal a minimum of eight percent of sales. Cash flow during 2002 was negative.

Solidity

The Group's solidity goal is set at 40 percent, but should not drop below 30 percent during recessions. Solidity as of December 31, 2002 was 20 percent.

Financial Goals	2000	2001	2002	Q4 2002	Goal
Operating margin, %	-30	-65	-57	-11	10
Cash flow, %	-20	-15	-12	10	8
Solidity, %	68	51		20	30-40

The Future

We are working to create a stable result improvement in order to reach our long-term financial goals. Historically, our result has varied greatly not only between different years, but also between the different quarters of the year. Our strategy is to even out these differences and create successively improved profitability.

We are building upon the offering we have, with new software and more partners in the Scandinavian market. During the first and second quarters of 2003, the action plan will have a reinforced positive effect on our profits and cash flow.

The market is assessed to continue to be limited in terms of growth for the first six months of 2003, and we anticipate continued good result improvements in the company. This will, however, not include reaching our long-term financial goals. The technology fields judged to have good conditions for growth are analysis, security, and integration. Due to the widespread uncertainty in the market, it is still too early to make a worthwhile assessment of market development for the second half of the year 2003.

Nocom Stock

Nocom's Series B stock is quoted on the Stockholmsbörsen's O-List. During the year, the stock unit price varied from a low of SEK 0.65 to a high of SEK 3.60. The stock price as of December 31 was SEK 0.81. Nocom's market value as of December 31, 2002 was SEK 23 million.

The number of Nocom stockholders as of December 31, 2002 totaled 5,631 (5,983). Of these, 241 (217) hold more than 10,000 shares each. Overseas investor holdings comprise about 13 (14) percent of the capital stock and not quite 6 (6)

percent of the voting rights.

The Board

In September, the Board appointed Christer Magnusson as Chairman. Anders Jonson, who had been the Chairman of the Board since 2001, remains a Board Member. Monica Caneman was elected to Nocom's board of directors at the annual general meeting in April, and in November the company's CEO Stefan Skarin was elected to the board.

Dividends

The Board proposes that no dividend be distributed for the financial year 2002.

Annual General Meeting

The annual general meeting will be held on Tuesday, May 15, 2003, starting 4pm, in the company's locale in Kristallen, Axel Johanssons gata 4-6, Uppsala, Sweden.

Nocom's complete financial statements will be made available at the company's locales in Kristallen, Axel Johanssons gata 4-6, Uppsala, Sweden. These financial statements will also be distributed to directly registered stockholders.

Accounting Principles

This year-end report was prepared in accordance with FASC's recommendation RR 20 regarding interim reports. The accounting principles are unchanged in comparison with the previous annual financial statements.

Uppsala, Sweden, Thursday, February 13, 2003

Nocom AB (publ)

Stefan Skarin

CEO

INCOME STATEMENTS, GROUP SEK millions	Full year		3 months Oct-Dec	
	2002	2001	2002	2001
	Net sales	150.8	280.4	39.9
Operating costs	-169.6	-353.3	-36.0	-95.5
Depreciation of tangible assets	-21.3	-25.2	-7.6	-6.8
Amortization of intangible assets	-6.6	-14.6	-0.7	-3.4
Items affecting comparability	-38.1	-67.2	-	-39.7
Profit/loss from participations in associated companies	-1.5	-2.9	0.1	-0.6
Operating profit/loss	-86.3	-182.8	-4.3	-66.9
Profit/loss from financial investments	-0.8	-5.1	0.5	-0.9
Profit/loss after financial items	-87.1	-187.9	-3.8	-67.8
Taxes	-1.5	0.4	-1.2	1.2
Minority share of period's profit/loss	-	6.1	-	2.1
Profit/loss for the period	-88.6	-181.4	-5.0	-64.5
Earnings per share, SEK	-3.13	-6.41	-0.18	-2.29
Earnings per share, SEK (with full dilution)	-3.13	-6.41	-0.18	-2.29

SALES PER GEOGRAPHIC MARKET, GROUP SEK millions	Full year		3 months Oct-Dec	
	2002	2001	2002	2001
	Sweden	123.6	229.3	33.1
Norway	24.7	21.3	6.2	3.1
Finland	2.5	5.7	0.6	1.3
Other markets	-	24.1	-	6.7
Total	150.8	280.4	39.9	79.1

BALANCE SHEETS, GROUP SEK millions	2002-12-31		2001-12-31	
	ASSETS			
Fixed assets				
Intangible fixed assets (goodwill)			13.1	38.8
Tangible fixed assets			18.1	39.6
Financial fixed assets			13.4	15.7
Total fixed assets			44.6	94.1
Current assets				
Stock/inventories			1.7	3.1
Other current assets			6.9	12.7
Accounts receivable			30.6	56.3
Cash and bank balances			19.5	47.2
Total current assets			58.7	119.3
TOTAL ASSETS			103.3	213.4
EQUITY AND LIABILITIES				
Total equity			20.3	108.9
Long-term interest-bearing liabilities			0.2	4.5
Current liabilities				
Accounts payable			19.0	22.9
Interest-bearing liabilities			3.6	7.9
Other current liabilities			60.2	69.2
Total current liabilities			82.8	100.0
TOTAL EQUITY, PROVISIONS, AND LIABILITIES			103.3	213.4
Pledged assets			1.4	25.4
Contingent liabilities			-	-
Equity per share, SEK			0.72	3.85
Equity per share, SEK with full dilution			0.97	3.93

CHANGE IN EQUITY, GROUP SEK millions	Full year		3 months Oct-Dec	
	2002	2001	2002	2001
	Equity at opening of period	108.9	278.1	25.4
Stock issues	-	12.5	-	-0.6
Exchange rate differences	0.0	-0.3	-0.1	-0.4
Profit/loss for the period	-88.6	-181.4	-5.0	-64.5
Equity at close of period	20.3	108.9	20.3	-108.9

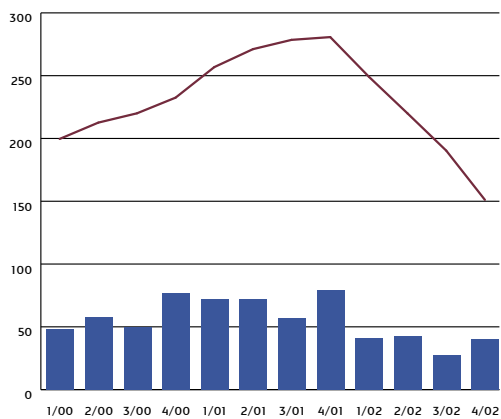
CASH FLOWS, GROUP SEK millions	Full year		3 months Oct-Dec	
	2002	2001	2002	2001
	Payments from customers	178.4	323.0	32.2
Payments to suppliers and employees	-195.7	-366.9	-27.5	-68.4
Interest received	1.0	4.6	0.7	1.7
Interest paid	-1.6	-1.5	-1.0	-0.9
Income tax paid	-0.5	-0.6	-0.5	-0.2
Cash flow from current operations	-18.4	-41.4	3.9	10.1
Cash flow from investment activities	-9.3	-31.7	-2.5	18.1
Cash flow from financing activities	-	1.5	-	-6.6
Cash flow for the period	-27.7	-71.6	1.4	21.6
Liquid assets at opening of period	47.2	118.8	18.1	25.6
Liquid assets at close of period	19.5	47.2	19.5	47.2
Frozen bank funds	-2.4	-2.8	-2.4	-2.8
Unutilized bank advances	7.0	18.5	7.0	18.5
Total available liquid assets	24.1	62.9	24.1	62.9

KEY RATIOS, GROUP	Full year			3 months Oct-Dec		
	2002	2001	2000	2002	2001	2000
Gross margin, %	-26.1	-26.4	-19.8	10.0	-20.9	-28.6
Operating margin, %	-57.2	-65.2	-29.8	-10.8	-84.7	-39.7
Profit margin, %	-58.8	-67.0	-28.0	-12.5	-85.8	-37.8
Cash flow, %	-12.2	-14.8	-20.3	9.8	12.8	-22.6
Solidity, %	19.7	51.0	68.2			
Return on equity, %	-137.2	-93.7	-35.5	-22.1	-45.5	-7.8
Return on capital employed, %	-117.3	-83.3	-32.8	-14.6	-41.3	-8.9
Interest coverage ratio	-47.1	-140.3	-42.3	17.7	-96.0	-96.0
Capital employed, SEK millions	24.1	121.3	309.8			
Net interest-bearing liabilities, SEK millions	-15.7	-34.8	-102.4			
Net debt/equity ratio	-0.77	-0.32	-0.37			
Number of employees at close of period	92	155	241			
Average number of employees	124	229	194	93	224	238
Sales per employee, SEK millions	1.2	1.2	1.2	0.4	0.4	0.3
Value added per employee, SEK millions	-0.08	-0.16	0.21	0.03	-0.16	0.02

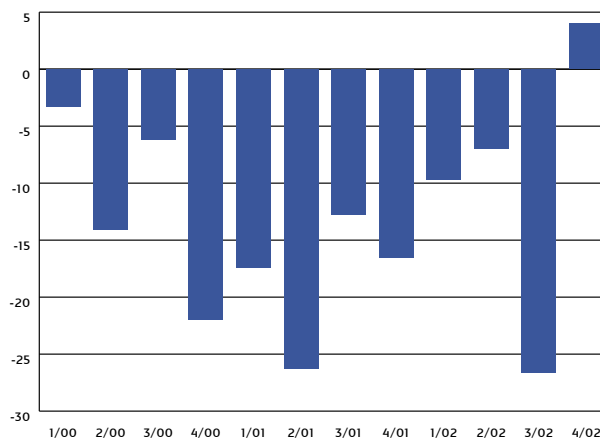
STOCK DATA	Full year			3 months Oct-Dec		
	2002	2001	2000	2002	2001	2000
Equity per share, SEK	0.72	3.85	11.13			
Equity per share adjusted for full utilization of outstanding options, SEK	0.97	3.93	11.13			
Number of shares at close of period, millions	28.3	28.3	27.3			
Number of shares at close of period adjusted for full utilization of outstanding options, millions	29.7	29.7	27.3			
Average number of shares, millions	28.3	28.2	26.2	28.3	28.3	27.3
Average number of shares adjusted for full utilization of outstanding options, millions	29.7	28.2	26.2	28.3	28.3	27.3
Cash flow from current operations per share, SEK (based on the average number of shares adjusted for full utilization of outstanding options)	-0.62	-1.47	-1.80	0.13	0.36	-0.64
Earnings per share, SEK (based on the average number of shares adjusted for full utilization of outstanding options)	-3.13	-6.41	-2.27	-0.18	-2.29	-0.83

GROUP SEK millions	Sales per quarter					Op. profit/loss before depr. per quarter				
	Q I	Q II	Q III	Q IV	Full year	Q I	Q II	Q III	Q IV	Full year
2000	48.0	57.4	49.9	76.8	232.1	-3.3	-14.1	-6.2	-22.3	-45.9
2001	72.3	71.7	57.3	79.1	280.4	-18.2	-27.2	-13.4	-17.0	-75.8
2002	40.7	42.5	27.7	39.9	150.8	-9.7	-7.0	-26.6	4.0	-39.3

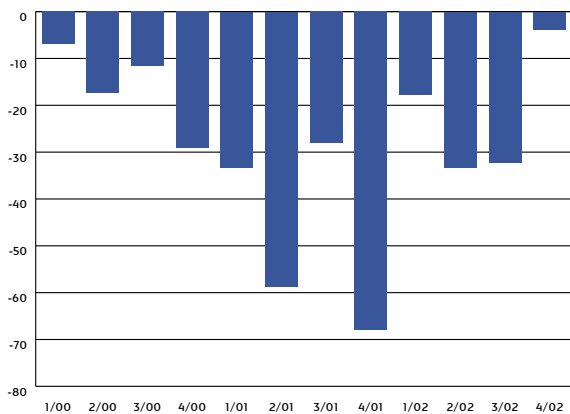
Sales per quarter and rolling 12-month period, SEK millions



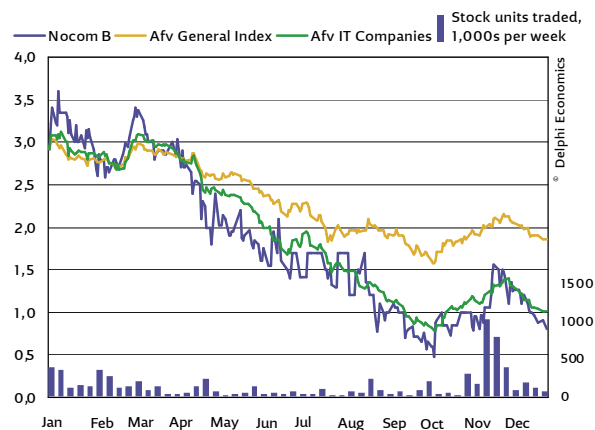
Operating profit/loss before depreciation,



Profit/loss after financial items, SEK millions



Stock price trend



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Nocom AB (publ)
Corporate ID no. 556400-7200

**Dates for
Financial Reports**

Annual Report 2002
April 2003

Interim Report
January–March 2003
May 15, 2003

Interim Report
January–June 2003
August 21, 2003

Interim Report
January–September
November 13, 2003

Nocom AB (publ) is an innovative IT company with an offering aimed directly at client companies, as well as at partners and resellers. The company is focused on IT solutions for use within integration, infrastructure, analysis, security, and development. Our offering encompasses market-leading software with support, maintenance, professional services, and training. Our e-channel center complements our offering with advanced hosting solutions for your critical business systems. The group also includes Travelutions, IT and management consultants with a focus on the travel industry.

Clients are found primarily among large and medium size companies in the Scandinavian market. Nocom has about 80 employees and is represented in Sweden, Norway, and Finland. The company was founded in 1985 and has been quoted on the Stockholmsbörsen's O-List (NOCM B) since 1999.

Read more at www.nocom.se

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.

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