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Nocom interim report January - March 2007

Growth and strong profitability for the Nocom's own products – Continued investments to meet rising demand

After Deltaco's successful realignment from distributor to supplier of products under its own brand, the share of proprietary products in the Group's total sales rose to more than 50 percent. Deltaco, IAR Systems and Northern are all stepping up their investments in marketing and sales resources and development of the product range. For greater clarity regarding the development and potential of proprietary products, these are reported without affiliation to a particular business area.

In the first quarter of 2007 Deltaco grew by 17 percent with an 11 percent profit margin before amortization of intangible assets. Thanks to a strategic focus and accelerated investment in the past year, Deltaco has expanded its offering and will launch 1,000 products under its own brand in 2007. This will contribute to enhanced competitiveness and sustained growth with healthy profitability.

IAR Systems' sales of software for wireless applications based on ARM technology remain strong and the company recruited new sales representatives in the USA, Japan, China and the Nordic countries during the first quarter. Northern is investing ambitiously in marketing activities and setting up an international sales organization to serve increasing demand from the global market.

The Distribution business area underwent the most dramatic changes during the quarter, when Nocom Security discontinued volume distribution due to severe competition and price pressure. Operations in Finland and the Baltic countries, with the highest proportion of volume-related sales, were wound up with effect from May 1, 2007. The product portfolio in the other countries has been replaced with advanced IT security solutions where technical expertise provides a greater competitive edge.

"In the areas where we have proprietary products, we are gearing up our investments to capitalize on new market opportunities and meet rising demand," says Stefan Ström, President and CEO of Nocom. "We are continuing to implement our strategy to shift the company's focus towards a higher share of product ownership for enhanced growth and profitability potential."

Excerpts from the report:

- Sales amounted to SEK 203.3 million (205.8).
- Profit before amortization of intangible assets (EBITA) was SEK 13.1 million (15.8).
- EBITA was 6.4 percent (7.7).
- Cash flow from operating activities was SEK -5.6 million (17.9).
- Equity at March 31, 2007, amounted to SEK 601.6 million (460.1).
- Equity per share at March 31, 2007, was SEK 5.15 (4.61).
- Net cash at March 31, 2007, totaled SEK 78.0 million.

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Nocom AB (publ) is an IT company that was founded in 1985 and listed on the stock exchange in 1999. The Nocom share is traded on the OMX Nordic List, Small Cap. Nocom's mission is to develop and distribute high quality IT products and services through independent, profitable and growth-oriented subsidiaries. Business is conducted in subsidiaries operating under their own names and business concepts - Deltaco, IAR Systems, Network Innovation, Northern, Nocom Security, Nocom Software and Nocom Drift. Read more at www.nocom.se