

Interim Report

January–September 2000

Continued strong growth

- Turnover increased 31 percent to SEK 151.4 million (115.4).
- The number of employees at the end of the period was 225 (138), an increase of 63 percent.
- The strategic build-up of services gave a strong sales increase in deployment services and consulting, to SEK 50.2 million (7.5), corresponding to 33 (7) percent of total sales.
- Organic growth of almost 35 percent within deployment services and consulting during the third quarter.
- Increased volumes of transaction-based business in accordance with future income model. Examples of this are deals with Deutsche Post of Germany, Phoenix International Freight Services Ltd in the US and Asia Pacific Cargo of Hong Kong. The major part of the revenue from these assignments will be realized in the first quarter of 2001 onwards.

Focus on mobile Internet generates increased business

- During the third quarter, Nocom's investments in the mobile Internet resulted in new, profitable business agreements with Skandiabanken and Braathens, among others.
- At the beginning of October, Nocom and Europolitan formed a joint company, MR Mobile Relations AB, to focus on sales of mobile intranet and extranet solutions.
- Nocom's software platform for the mobile Internet, Mobilectrl™, was adapted for the strategically important financial and travel sectors with Mobilectrl Finance™ and Mobilectrl Travel™.

Issue of new shares ensures continued expansion

- The issue of new shares in February provided Nocom with SEK 230 million.
- The strong financial position, combined with the build-up of expertise, gives Nocom the necessary prerequisites of taking full advantage of the present market opportunities.

Mobile investments and expansion burdened earnings

- Operating profit/loss before depreciation was SEK -25.3 million (4.9).
- Profit/loss before tax was SEK -37.5 million (1.9).
- The substantial investments in technology, market and organization, approximately SEK 30 million, burdened profits according to plan.

Acquisitions resulted in leading position within e-logistics and supplemented Nocom's complete offering

- On August 14, 2000, acquisition from SAS was finalized for 70 percent of TradeVision AB, a global leader in e-logistics.
- During the first six months of the year, the following companies were acquired: Hera AB in Uppsala, a leading agency for industrial market communication; Interactive-TM AB in Gothenburg; a specialist company in imaging and new media; and Cyberink Information Systems AB in Stockholm, an Internet consulting company.

Nocom's operations and market

Nocom's business concept is to offer companies and organizations solutions for electronic trade over the Internet and mobile network based on integrated expertise in market communication, business processes and technology. Nocom assumes long-term responsibility for customers' projects, systems and business utilization by offering market communication solutions, business development consultation, software and secure deployment solutions.

Nocom – Provider of Solutions

Since its founding in 1985 Nocom has introduced and represented software solutions based on innovative technology and new perspectives within the IT sector. Over the years, Nocom has built up long-term relationships with thousands of Nordic companies and provided products and services for their operations outside of the Nordic countries as well. Nocom was initially a vendor of software, but since 1999, Nocom has increasingly focused on becoming a strategic partner for the company's customers, both by providing leading-edge expertise and by offering a wider range of services and products.

In line with investments in services, Nocom's solutions with leading software applications have been complemented with a consulting organization and an organization for secure deployment solutions for fixed and mobile networks.

Acquisitions result in leading position within e-logistics and strengthen Nocom's overall offerings.

The strategic establishment of business development services and deployment services complemented with software has continued during the year 2000, both organically and through acquisitions. In August 2000, Nocom acquired 70 percent of TradeVision AB from SAS, which is retaining 30 percent of the company. TradeVision has 22 employees and is one of the world's leading companies in e-logistics solutions. Nocom's objective with the acquisition is to take a leading position in the growing e-logistics market. This investment also pushes forward the international launch of TradeVision WCM, a mobile logistics solution. The acquisition of TradeVision entails a joint international effort in sales and marketing, as well as the establishment of a global infrastructure for the Nocom Group's products and services.

With the consolidation of TradeVision, Nocom gains immediate access to an industry that is dependent on both mobile solutions and the rapid and secure flow of information. For the transportation industry, e-solutions provide access to business-critical information in real-time. Nocom acquired its shares in TradeVision for SEK 12 million cash and provided the company with an additional SEK 30 million through a new share issue in conjunction with the acquisition.

TradeVision was consolidated into the Nocom Group on August 14, 2000.

During the first half of the year, several acquisitions were made:

- The company acquired Hera AB with 20 employees and offices in Uppsala. Hera is one of the country's oldest and most well-known agencies for industrial market communication. Through Hera, the Nocom Group gains experience and expertise primarily within market analysis and market communication. Hera was consolidated on March 15, 2000.
- Interactive-TM AB, with 15 employees and offices in Gothenburg. The company, which has changed its name to Nocom Interactive AB, specializes in imaging and new media. Through this acquisition, Nocom gains advanced expertise in interactive media. The acquisition is also an important first step in Nocom's focus on the Gothenburg region. Interactive was consolidated on April 1, 2000.
- Cyberink Information Systems AB in Stockholm, an Internet consulting company with 10 employees and specializing in parallel publishing solutions with Web and mobile networks as its main channels, was acquired. The company was consolidated on June 30, 2000.

Major investments in the mobile Internet

The market for mobile Internet solutions is expected to grow strongly during the next few years. Nocom's focus on developing solutions for the mobile Internet, which began in 1999, has continued and increased during 2000.

Companies within the financial sector, and transportation and travel industries were early to adopt the new mobile technology for their business-critical applications. Other sectors are expected to begin using this technology in the immediate future. The first step in the development of the mobile Internet was WAP (Wireless Application Protocol) technology, which was introduced in 1999. Within the mobile Internet and WAP sectors, Nocom collaborates with several leading suppliers, including Ericsson, Hewlett-Packard, Sun and, in particular, Nokia.

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

Nocom's mobile solutions have now been in commercial use for over a year and considerable experience has been gained in the area. Because of this, Nocom has received an increasing number of strategic assignments in business development, project management, solution development, and in the installation and deployment of mobile services. Nocom has received assignments from SEB Enskilda Banken, Scandic Hotels, Skandiabanken, Braathens and TV4, among others.

Experience from these assignments has enabled the development of a standard platform for the mobile Internet, Mobilectrl[™], which was launched in the Nordic countries in September prior to worldwide release.

Transaction-based business, future income model

Nocom was early to see that customers' investment models for various forms of applications would change. Customers are expected to be making software investments based on actual usage rather buying licenses for all users—pay-per-use instead of pay-per-user. For Nocom, this means that income (primarily from software but also for services) will increase at the same rate as customers-usage. Over a period of time, this will provide secure and steady income, and create long-term customer relationships. Furthermore, Nocom can enhance customers' usage by improving service values. This income model is already in use within the transportation and travel sectors, and several of Nocom's assignments during the period have taken this form.

Expansion and long-term goals

Prospects for the further expansion of operations in the Nordic market are seen as favorable. Nocom also intends to expand internationally. International expansion is planned within Nocom's prioritized market segments—e-logistics, travel and finance. This strategy is based on development and opportunities that Nocom sees in e-business via fixed and mobile networks.

Nocom's expansion will be through both organic growth and strategic acquisitions. The new share issue in February provided the necessary financial conditions for securing the planned expansion of operations.

Within consulting and deployment services with integrated expertise in market communication, business processes and technology, Nocom's goal is 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.

For software activities, which include ASP¹ services, the long-term goal is to achieve annual growth of at least 20 percent and an operating profit margin of 10 percent. It is expected that these goals can be achieved within two years.

¹ An application service provider (ASP) is a company that offers individuals or enterprises access over a network, usually the Internet, to applications and related services that would otherwise have to be located in their own personal or enterprise computers. The customer is charged on a pay-per-use basis.

Outlook for the Fourth Quarter 2000

Nocom continues its expansion in the Nordic countries as well as internationally. A strategic investment in mobile solutions and e-logistics was made during the year. In the short-term the profit/loss of this investment will be burdened along with the remaining construction of the business activity.

Nocom's overall evaluation of the market is that it will recover in the fourth quarter of 2000, which will be good for Nocom and the branch in general. The sales volume during the fourth quarter is expected to increase noticeably in comparison with the first three quarters of the year.

Turnover, January - September

Group turnover for the period was SEK 151.4 (115.4) million, an increase of 31 percent.

Turnover	2000	1999	2000	1999	1999
SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Full year
Software operations ^{*)}	101.2	107.9	27.3	31.0	169.5
Consulting operations	34.0	3.3	12.4	3.3	8.5
Deployment services	16.2	4.2	6.2	4.2	9.3
Total	151.4	115.4	45.9	38.5	187.3

^{*)} includes operations of the parent company.

Earnings, January – September

Operating profit/loss before depreciation was SEK –25.3 million (4.9) and profit/loss before tax was SEK –37.5 million (1.9). The profit/loss has been burdened by the substantial investments in technology, market and organization. In order to prepare for the coming expansion, major infrastructure investments have been made in the travel and transport segment. Investments made in skill enhancement in consulting operations also burden the profit/loss for the period.

Operating profit/loss and profit/loss before tax	2000	1999	2000	1999	1999
SEK million	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Full year
Software operations ^{*)}	2.8	20.7	1.4	6.4	31.8
Consulting operations	-6.6	0.5	-3.5	0.5	0.2
Deployment services	1.8	-1.9	1.2	-1.9	-3.5
Group expenses	-23.3	-14.7	-6.9	-4.4	-20.7
Operating profit/loss before depreciation and additional purchase price	-25.3	4.6	-7.8	0.6	7.8
Additional purchase price	-	0.3	-	-	0.3
Operating profit/loss before depreciation	-25.3	4.9	-7.8	0.6	8.1
Depreciation (tangible assets)	-10.0	-2.9	-3.8	-1.8	-5.4
Depreciation (intangible assets)	-5.2	-0.8	-2.6	-0.7	-1.4
Profit/loss from financial investments	3.0	0.7	0.9	-0.1	0.5
Profit/loss before tax	-37.5	1.9	-13.3	-2.0	1.8

Software operations

Turnover during the period was SEK 101.2 million (107.9), a decrease of 6 percent. Turnover for Swedish operations was SEK 81.0 million (90.9), for Norwegian operations SEK 14.5 million (14.9) and for Finnish operations SEK 5.7 million (2.1). Operating profit/loss before depreciation during the period was SEK 2.8 million (20.7). TradeVision AB was consolidated as of August 14, 2000 and is included in the turnover with SEK 4.7 million and operating profit/loss before depreciation with SEK -0.3 million.

The profit/loss is burdened by a reservation for apprehended bad debt losses of SEK 3.2 million (-), mainly attributable to one company, which is currently undergoing reconstruction.

Consulting operations

Turnover during the period was SEK 34.0 million (3.3). Operating profit/loss before depreciation during the period was SEK -6.6 million (0.5).

Deployment services

Turnover during the period was SEK 16.2 million (4.2). Operating profit/loss before depreciation during the period was SEK 1.8 million (-1.9).

Group expenses

Group expenses include expenses associated with the Group's strategic work with expansion, business development, coordination and financing. Operating profit/loss before depreciation during the period was SEK -23.3 million (-14.7).

Financial Position

The equity/assets ratio of the Group was 80 (50) percent on September 30, 2000. Available liquid assets, including short-term investment and the unused part of the overdraft facility were SEK 184.9 million (41.4) on September 30, 2000. Group interest-bearing liabilities were SEK 17.6 million (15.3). SEK 16.9 million (11.6) of the interest-bearing liabilities on September 30, 2000 were related to financial leasing.

Investment

The Group made a net investment of SEK 23.7 million (3.5) on equipment and machinery during the period.

In the month of August, Nocom acquired 70 percent of TradeVision AB, a leading supplier of e-logistics to the transport industry, from SMART AB, a subsidiary to Scandinavian Airlines System (SAS). SAS holds a strategic share of 30 percent. Nocom acquired the holdings in TradeVision with a cash purchase of SEK 12.0 million and provided the company with an additional SEK 30 million by means of a new share issue in conjunction with the acquisition.

Tax

Tax costs, SEK -1.5 million included in the profit/loss statement for the period January – September 2000, are the result of a change in the latent tax liabilities concerning acquired deficits and adjustments associated with the Group.

The latent tax liability is equivalent to 28 percent of the remaining acquired deficits and Group reserves and was SEK 4.4 million on September 30, 2000. The latent tax liability is presented in the Balance Sheet under Financial fixed assets.

Employees

The number of employees in the Group was 225 (138) as of September 30, 2000. Of these, 92 were employed in Software operations, 96 in Consulting operations and 19 in Deployment services. The remaining 18 are part of central administration and the group executive committee.

Parent company

The parent company's turnover for the period was SEK 17.5 million (80.6). Operating profit/loss was SEK -39.8 million (-2.1). The turnover and operating profit/loss of the parent company were affected by a restructuring that was carried out during the third quarter of 1999. Available liquid assets, including short-term investments and the unused part of the overdraft facility amounted to SEK 140.3 million (38.6) on September 30, 2000. The number of employees in the parent company as of September 30, 2000 was 51.

New share issue

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

When employees redeemed subscription options in August, 5,500 new shares were issued.

The acquisition of Cyberink Information Systems AB was made through an issue of 645,000 new shares of the B series in Nocom. The new issue was not registered with the Swedish Patent and Registration Office (PRV) as of September 30, 2000.

Issue of bonus shares

At the Annual General Meeting held on April 11, 2000, it was decided to increase the share capital of the company by issuing bonus shares worth SEK 21,306,704, from SEK 5,329,176 to SEK 26,645,880 by issuing 21,316,704 new shares, each with a nominal value of SEK 1. Of the new shares, 3,774,504 are series A and 17,542,200 are series B.

This decision means that a further four shares were obtained for each existing share in Nocom. The balance day for the issue of bonus shares was May 17, 2000.

New board members

Two new members have been added to the board during the year. At the Annual General Meeting held in April, Michael Grimborg, Income Manager at TV4, was elected and at the extraordinary meeting held in June, Per Westerberg, member of the Swedish Parliament, was elected.

Nocom shares

The Nocom B share has been quoted on the Stockholm Stock Exchange O-list as of January 4, 1999 and on the O-list Attract 40 segment since July 3, 2000. During the period January – September 2000, the share price, adjusted for the issue of bonus shares has varied between a low of SEK 19.20 and a high of SEK 118. The price on September 29, 2000 was SEK 23.00 and Nocom's market value amounted to SEK 613 million. The number of shareholders in Nocom as of September 29, 2000 was 5,617.

Nocom's 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 of the A series have been converted to shares of the B series.

Change in the number of shares July – September 2000	A shares	B shares	Total
Number of shares on June 30, 2000	4,718,130	21,927,750	26,645,880
Conversion of shares, July	-1,000,000	1,000,000	
New issue, August		5,500	
Number of shares on September 30, 2000	3,718,130	22,933,250	26,651,380
Special issue of new shares Cyberink acquisition not registered with the PRV		645,000	
Number of shares	3,718,130	23,578,250	27,296,380

Subscription options

At the Annual General Meeting held on April 11, it was decided to issue two IOU, each with 375,000 detachable option rights following the issue of bonus shares that had been decided upon. These subscription options, equivalent to a maximum of 375,000 new shares of the B series, have been purchased on market terms by members of the executive committee and other employees of the Nocom Group.

Authorization

At the Annual General Meeting held on April 11, the board of directors was authorized, until the next general meeting and with a divergence from the stockholder's preferential rights, to issue new shares of a maximum of 2,500,000 shares of the B series following the bonus issue which had been decided upon. The objective is to be able to augment freedom of action when negotiating acquisitions of companies and operations, and to be able to obtain capital for the company by means of special issues on the capital market. Previous authorizations were terminated at the same time.

Of the authorization, 645,000 were utilized in the acquisition of Cyberink Information Systems AB.

Coming reports

Year-End Report	2000	February 2, 2001
Annual report	2000	March 2001
Interim report	January - March 2001	March 27, 2001
Interim report	January - June 2001	August 17, 2001
Interim report	January - September 2001	October 25, 2001

Uppsala, Sweden, October 26, 2000

The Board of Directors

For further information please contact:

Tomas Nygren, CEO, +46 (0)708-65 53 16

Nocom AB (publ)
Corporate identity number 556400-7200
Kristallen
SE-754 51 Uppsala
Tel +46 (0)18-65 55 00
Fax +46 (0)18-65 55 55
www.nocom.se

This report has not been examined by the company's auditors.

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 million	2000	1999	2000	1999	12	12	Full year
	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	months Oct 99- Sep 00	months Oct 98- Sep 99	1999
Net Sales	151.4	115.4	45.9	38.5	223.3	171.8	187.3
Cost of sales and services	-112.6	-73.7	-33.8	-26.4	-161.4	-105.0	-122.5
Gross profit/loss	38.8	41.7	12.1	12.1	61.9	66.8	64.8
Sales and administration costs	-79.3	-40.8	-26.3	-14.0	-102.3	-60.2	-63.8
Other income	-	0.3	-	-	-	1.2	0.3
Operating profit/loss	-40.5	1.2	-14.2	-1.9	-40.4	7.8	1.3
Profit/loss from financial investments	3.0	0.7	0.9	-0.1	2.8	0.8	0.5
Profit/loss before tax	-37.5	1.9	-13.3	-2.0	-37.6	8.6	1.8
Tax	-1.5	-1.1	-0.2	-0.0	-3.3	-1.6	-2.9
Minority share of period's profit/loss	1.1	-	0.6	-	1.1	-	-0.0
Profit/loss after tax	-37.9	0.8	-12.9	-2.0	-39.8	7.0	-1.1

Summary of Group Balance Sheet

SEK million	30Sep00	30Sep99	31Dec99
ASSETS			
Fixed assets			
Intangible assets	106.5	32.4	25.9
Tangible assets	42.6	18.8	25.7
Financial assets	5.0	3.0	7.1
Total fixed assets	154.1	54.2	58.7
Current assets			
Stock/inventory and work in progress	4.6	3.1	5.2
Other current assets	30.8	16.7	14.1
Trade debtors/accounts receivable	57.3	37.4	66.4
Short-term investments	79.0	-	-
Cash and bank	85.7	22.9	12.3
Total current assets	257.4	80.1	98.0
TOTAL ASSETS	411.5	134.3	156.7
EQUITY AND LIABILITIES			
TOTAL EQUITY	313.3	67.6	67.1
Minority shareholdings	17.8	-	0.9
Provisions			
Deferred tax	-	1.5	-
Total provisions	-	1.5	-
Long-term liabilities			
Interest-bearing liabilities	7.7	10.7	10.4
total long-term liabilities	7.7	10.7	10.4
Current liabilities/accounts payable			
Trade creditors	18.7	16.3	17.2
Interest-bearing liabilities	9.9	4.6	10.0
Other current liabilities/accounts payable	44.1	33.6	51.1
Total current liabilities	72.7	54.5	78.3
TOTAL EQUITY, PROVISIONS AND LIABILITIES	411.5	134.3	156.7

Cash flow

SEK million	2000	1999	2000	1999	12	12	Full year
	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	months Oct 99- Sep 00	months Oct 98- Sep 99	1999
Cash receipts from customers	158.4	119.8	35.3	36.3	201.3	157.1	162.7
Payments to suppliers and employees	-190.1	-123.5	-67.1	-42.9	-239.8	-153.4	-173.2
Interest received	3.5	0.9	1.4	0.2	3.8	1.0	1.2
Interest paid	-1.2	-0.3	-0.8	-0.2	-1.6	-0.3	-0.7
Income tax paid	-0.5	-1.4	-0.2	-0.4	-0.5	-1.4	-1.4
Cash flow from current operations	-29.9	-4.5	-31.4	-7.0	-36.8	3.0	-11.4
Cash flow from investments	-43.7	-22.1	-20.5	-20.7	-49.9	-22.9	-28.3
Cash flow from financing	225.9	0.2	-3.8	-0.2	228.0	35.3	2.3
Cash flow for the period	152.3	-26.8	-55.7	-27.9	141.3	15.4	-37.4

Business ratios¹

	2000	1999	2000	1999	12 months	12 months	Full year
	Jan-Sep	Jan-Sep	Jul-Sep	Jul-Sep	Oct 99- Sep 00	Oct 98- Sep 99	1999
Gross margin, %	neg.	4.3	neg.	1.5	neg.	7.0	4.4
Operating margin, %	neg.	1.1	neg.	neg.	neg.	4.5	0.7
Profit margin, %	neg.	1.7	neg.	neg.	neg.	5.0	1.0
Equity assets ratio %	80.5	50.3					43.0
Return on equity, %	neg.	2.6	neg.	neg.	neg.	16.7	neg.
Return on capital employed, %	neg.	3.3	neg.	neg.	neg.	18.2	3.5
Interest coverage ratio,	neg.	6.4	neg.	neg.	neg.	22.5	3.7
Capital employed, SEK million	348.7	82.9					88.4
Net interest-bearing liabilities, SEK million	-147.1	-7.6					8.2
Net debt to equity ratio ²	-0.44	-0.11					0.12
Number of employees at end of period	225	138					146
Average number of employees	183	109	215	135	174	106	118
Turnover per employee SEK million	0.8	1.1	0.2	0.3	1.3	1.6	1.6
Value-added per employee, SEK million	0.18	0.38	0.03	0.07	0.45	0.58	0.65
Equity per share SEK	11.76	2.94					2.92
Equity per share, taking into account all outstanding subscription rights ³ , SEK	14.84	2.94					5.47
Number of shares at end of period	26,651,380	22,965,880			26,651,380	22,965,880	22,965,880
Number of shares at end of period, taking into account all outstanding subscription rights	28,644,380	22,965,880			28,644,380	22,965,880	24,215,880
Average number of shares	25,624,881	22,061,030	26,649,546	22,965,880	24,690,131	21,947,920	22,287,240
Average number of shares, taking into account all outstanding subscription rights	27,122,975	22,061,030	28,644,380	22,965,880	26,091,624	21,947,920	22,290,665
Profit per share SEK, fully taxed (based on number of shares at end of period)	neg.	0.07	neg.	neg.	neg.	0.31	neg.
Profit per share SEK, fully taxed (based on average number of shares)	neg.	0.07	neg.	neg.	neg.	0,32	neg.

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

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 111.7 million. As of September 30, 2000, 1,116,300 options have been subscribed to, which increases equity by SEK 64.5 million. The majority of options not subscribed to date from December 1999. Equity per share, adjusted for subscribed options amounts to SEK 13.60.

Quarterly accounts

SEK million	Turnover	Profit/loss before tax	Profit margin %
Quarter 1 2000	48.1	-6.9	neg.
Quarter 1 1999	31.8	2.0	6.2%
Quarter 2 2000	57.4	-17.3	neg.
Quarter 2 1999	45.1	2.0	4.5%
Quarter 3 2000	45.9	-13.3	neg.
Quarter 3 1999	38.5	-2.0	neg.
Quarter 4 1999	71.9	-0.1	neg.
Quarter 4 1998	56.4	6.6	11.7%