

PROACT IT GROUP AB (publ)

YEAR-END REPORT 2003

Operations and results evolving in the right direction

The fourth quarter clearly shows that action taken during the year has generated effects on the Company's earnings as well as on its cash flow. Combined with increased service revenue, these efforts have laid the groundwork for continued sustained earnings improvement, even with no improvement in an unchanged market situation.

ProAct has completed the bid for Dimension and with this combination a powerful player in IT infrastructure is created. The combined group is expected to generate revenues of about MSEK 1,100 during 2004, about MSEK 500 of which is service revenue.

Fourth quarter summary

- Revenues amounted to MSEK 208.9 (260.2).
- The operating result before amortization of goodwill (EBITA) was MSEK 10.0 (–6.1).
- The net result amounted to MSEK 7.2 (–33.5).
- Cash flow for the quarter was positive by MSEK 6.3; liquid funds amounted to MSEK 124.2.
- The number of employees was 273 (338).

January–December in summary

- Revenues amounted to MSEK 694.8 (793.9), MSEK 334.7 (302.9) was service revenue.
- EBITA for operations amounted to MSEK 0.9 (–12.4). In addition, costs for action programs, MSEK –9.5 (–8.0) and writedown of inventory, MSEK –10.2, a total of MSEK –19.7, was charged to earnings.
- The net result was MSEK –26.5 (–54.1).
- Earnings per share was SEK –2.81 per share.

Important events during the fourth quarter

- A number of major transaction were consummated with, among others, Carmen Systems, Eniro, SEB, Statoil, the Municipality of Tammerfors and Vattenfall Data.

Important event after the reporting period

- The public offer for Dimension AB has been completed.

ProAct is an independent specialist that offers advanced solutions in InfoStructure, i.e. the infrastructure in an organization assigned to store, protect, move and restore different types of information. The Company, which is active in Denmark, Finland, Norway, Sweden and Switzerland, is aimed at medium-sized and large companies and organizations with a need for secure and efficient handling of their InfoStructure. Business is conducted in Copenhagen, Århus, Helsinki, Oulu, Oslo, Bergen, Grimstad, Hamar, Stavanger, Trondheim, Stockholm, Göteborg, Linköping, Lund, Sundsvall and Zürich, with a staff of about 273 persons. Most of these employees work with a technical orientation. What sets ProAct apart is the technical competence and experience of its personnel. ProAct IT Group AB is listed on the O-list of Stockholmsbörsen, the Stockholm stock exchange.



ProAct's business

ProAct is a specialist and independent integrator with competence, methods and products in the fields of secure infrastructure for mission-critical information – InfoStructure. ProAct is active in Denmark, Finland, Norway, Switzerland and Sweden.

InfoStructure is defined as the infrastructure in an organization used for the tasks of *storing, protecting* and *restoring* different types of information. An InfoStructure is built based on three perspectives: *volume, value* and *cost*. This means that an InfoStructure must be able to handle growing volumes of information without operational glitches or unforeseen problems upon expansion. This also means that an InfoStructure must be built based on the value of the information and the accessibility to the business of the information. It must be possible to handle the InfoStructure in such a way that operating costs do not increase when the volume of information and systems utilization increases.

ProAct is active in a market which over time offers excellent prospects compared to other parts of the IT market. ProAct also has a competence profile that is in demand irrespective of industry or application area. ProAct's business model is based on large visible value added, i.e. a service content that is in demand and is appreciated by the customers.

President's statement

Business during the fourth quarter developed in a positive direction in virtually all segments of operation. Total service revenue increased by over 10 percent over the year before and results as well as operating cash flow improved significantly. The year as a whole was distinguished by restraint on the part of customers, with only a few major systems projects in IT infrastructure. Major efforts were expended in keeping existing systems in operation, which has generated systems as well as service revenue from existing customers.

There are still no clear signs of a turnaround in the IT market. We are therefore planning for an unchanged market situation for 2004, although many industry analysts feel that the market for IT Infrastructure will be one of the markets that sees an early recovery as the IT market as a whole improves.

By combining with our former industry colleague Dimension, we will together create a foundation for a joint and considerably stronger actor in the field of IT infrastructure. The new group is expected to generate revenues of about MSEK 1,100 during 2004, MSEK 500 of which is expected to be service revenue. We are convinced that the collective competence in the Company, combined with an extensive systems offering, will be appreciated by our customers and partners.

Fourth quarter 2003

Revenues and result

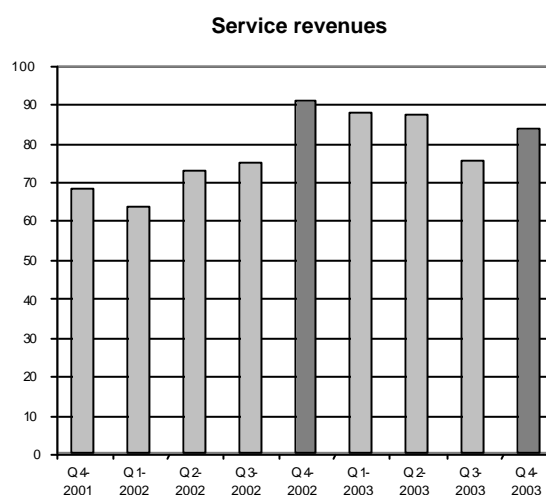
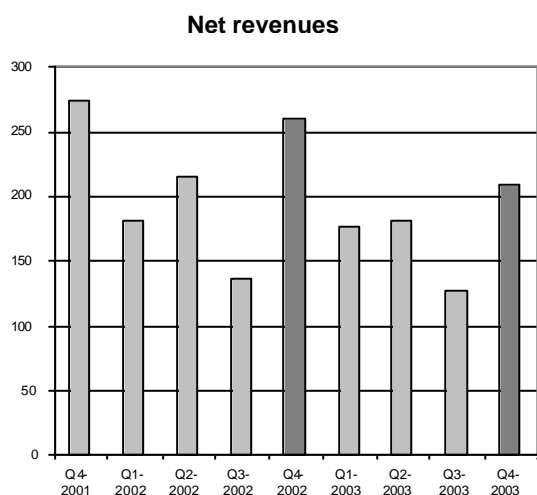
Operating revenue during the fourth quarter amounted to MSEK 208.9 (260.2), a decline of 20 percent. The order backlog as of December 31 stood at MSEK 17 (35). The order backlog contains orders for systems sales as well as consulting assignments. Contractual customer support is not included in the order backlog.

Service revenue amounted to MSEK 84.1 (91.3). One effect of action programs implemented is that there are fewer consultants compared to the fourth quarter of the year before. This has meant a decrease in volume at the same time as productivity, or revenue per person, is higher compared to the fourth quarter one year ago. Service revenue refers to consulting revenue and contractual customer support.

Systems revenue during the quarter amounted to MSEK 124.8 (168.9), a drop by MSEK 44.1 (–26 percent) compared to the fourth quarter last year.

The operating result before amortization of goodwill (EBITA) amounted to MSEK 10.0 (–6.1), of which items affecting comparability accounted for MSEK 0.0 (–8.0). Action programs implemented have reached their full effect during the fourth quarter and the Company's overhead is well over MSEK 22 lower than during the fourth quarter of last year.

Amortization of goodwill amounted to MSEK –2.9 (–5.4) and writedown of goodwill was effected in an amount of MSEK 0.0 (–19.0). The operating result was MSEK 7.1 (–30.7).



Service revenue amounted to MSEK 84.1 (91.3).

Q4
fourth

The net of financial items, which amounted to MSEK 0.9 (–2.7), was charged with MSEK –1.3 (–3.8) in writedown of financial assets.

The result before taxes amounted to MSEK 8.0 (–33.4) and the net profit was MSEK 7.2 (–33.5).

Exchange rate fluctuations due to restatement of foreign subsidiaries affected revenues by –2 percent and the result after financial items by –4 percent compared to the preceding year.

A number of major transactions were consummated during the fourth quarter, in Denmark for example with The Municipality of Vejle, in Finland with the Municipality of Tammerfors, in Norway with FMC, HEMIT, Schlumberger and Statoil, in Switzerland with Novartis, Stadt St. Gallen and in Sweden with Carmen Systems, Eniro, SEB and Vattenfall Data.



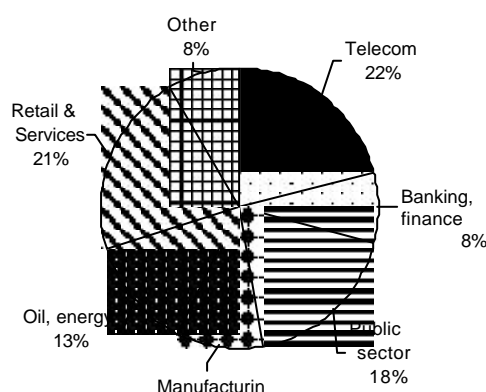
January–December 2003

Operating revenue during the twelve-month period amounted to MSEK 694.8 (793.9), a drop of 12 percent.

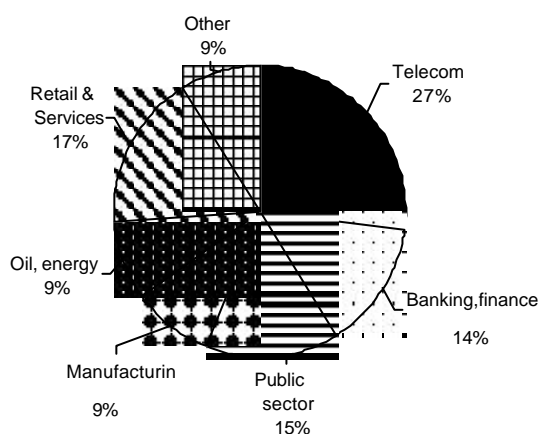
Service revenue accounted for MSEK 334.7 (302.9) of total sales, an increase of 10 percent. Service revenue refers to consulting revenue and contractual customer support.

Systems sales during the twelve-month period amounted to MSEK 360.1 (491.0), a drop of 27 percent compared to the preceding year. Systems revenue was lower particularly in Sweden. This is also the part of the operation which has been subject to extensive measures to reduce the Company's cost level.

The market situation continued to be weak during 2003. Restraint in respect of IT investments and extensive cost-cutting is noted among customers, especially in the areas of telecom and the banking sector. On the other hand, sales to customers in oil/energy, retail/services and the public sector increased compared to the preceding year.



Sales by customer segment Jan.–Dec. 2002.



Sales by customer segment Jan.–Dec. 2003.

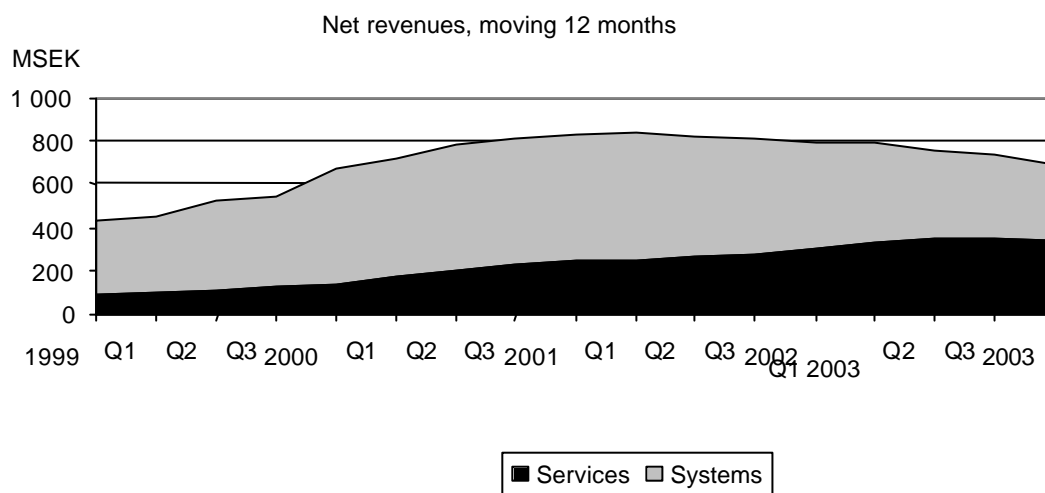
EBITA for operations amounted to MSEK 0.9 (–12.4). In addition hereto, costs for action programs, MSEK –9.5, and inventory writedowns, MSEK –10.2, a total of MSEK 19.7, have been charged to earnings.

Amortization of goodwill amounted to MSEK –11.6 (–20.5) and witedown of goodwill amounted to MSEK 0.0 (–19.0). The operating result was MSEK –30,4 (–60,5).

Net financial items, amounting to MSEK 1.7 (0.9), have been charged with MSEK –1.3 (–3.8) as a writedown of financial assets.

The result before taxes amounted to MSEK –28.7 (–59.6) and the net result was MSEK –26.5 (–54.1).

Exchange rate fluctuations due to restatement of foreign subsidiaries affected revenues by –2 percent during the year and the result after financial items by –3 percent compared to the preceding year.



Financial position

The Group's financial position continues to be good. Liquid funds including short-term investments amounted to MSEK 124.2 as of December 31, an increase of MSEK 6.3 during the fourth quarter. Cash flow from operations amounted to MSEK 9.6, MSEK –1.1 has been paid out as capital expenditure and MSEK –2.0 constitutes lower utilization of committed credit facilities.

The approved credit limit was MSEK 38,4, MSEK 3.7 was utilized. The net claim amounted to MSEK 118.7.

The Group's capital expenditures during the fourth quarter amounted to MSEK 2.7 (9.6), of which MSEK 1.5 (2.9) was invested in tangible fixed assets and MSEK 1.2 (6.7) refers to investments in intangible fixed assets. The interest of the minority in ProAct Datasystem AG in Switzerland was acquired, with possession taken December 31, 2003. With that, all subsidiaries are wholly owned. For the full year the Group's capital expenditures amount to MSEK 11.8 (54.8).

The Group's equity ratio strengthened to 43.4 percent (39.8 percent). Total liabilities amount to MSEK 241.5, MSEK 5.5 of which is interest-bearing and the remainder non-interest-bearing.

Parent Company

The Parent Company's net revenues during the fourth quarter amounted to MSEK 5.6 (1.0) and amounted to MSEK 16.1 (16.6) for the full year. The result after financial items was MSEK -4.0 (-60.9) for the fourth quarter and for the full year MSEK -4.2 (-58.1). The result for the fourth quarter was charged with a writedown of shares in subsidiaries in an amount of MSEK -7.4.

The Parent Company's liquid funds amounted to MSEK 87.4, an increase by MSEK 3.8 during the fourth quarter. MSEK 70.0 of total liquid funds were held as bank deposits at a fixed rate of interest. The Parent Company's investment in shares during the fourth quarter amounted to MSEK 10.8 (21.4); for the full year the amount was MSEK 25.6 (61.0).

Employees and management

The average number of employees during the fourth quarter was 264 (327) and for the full year 281 (310). As of December 31, 2003 the number of employees was 273 (338). No new incentive programs were instituted during the year.

From February 1, 2004 the following are members of senior management: Henrik Holm, President & Chief Executive Officer, Örjan Fred, Executive Vice President, Marital Lustrum Hellsten, CFO, and Henrik Wahl, Business Manager.

Significant events after the end of the period under review – Acquisition of Dimension AB

In November 2003 ProAct made a public tender offer for Dimension AB. January 30, 2004 ProAct announced that acceptance had been received by holders of 94.6 percent of the shares and votes in Dimension, and that all conditions had thus been fulfilled. ProAct therefore competes the offer and acquires Dimension AB with consolidation from February 1, 2004.

Payment has been made in cash in the amount of about MSEK 30 and in the form of 2,365,775 newly issued shares in ProAct IT Group AB. Compulsory redemption proceedings have been initiated to acquire all outstanding shares of Dimension AB. The Dimension share will be desisted and the last day for trading on Stockholmsbörsen (the Stockholm Stock Exchange) is estimated to be February 20, 2004.

Future prospects

The Company's goal is to strengthen its market-leading position as an independent specialist in the area of InfoStructure. The long-term financial goal remains, with revenue growth exceeding market growth and a long-term net margin of 5–7 percent.

In ProAct's judgment and provided the market does not deteriorate, the new group will generate revenue in 2004 of about MSEK 1,100, MSEK, of which will refer to services,

and a positive operating result before restructuring costs. In addition, synergy effects will increasingly affect earnings in a positive direction during the year.

The growth goal of growing faster than the market will be fulfilled through a combination of captured market shares and better performance among existing customers.

Accounting principles

This interim report has been compiled in accordance with the recommendations of the Swedish Financial Accounting Standards Council. Accounting principles and calculation methods are applied in accordance with the most recent Annual Report. New recommendations by the Swedish Financial Accounting Standards Council have had no effect on the Group's reported results and financial position of prior periods.

Examination by the auditors

The report for the fourth quarter has not been subject to examination by the Company's auditors.



Information schedule and Annual General Meeting

The complete annual report will be available at the address below from mid-March and will be accessible to the public on the Company's Website.

Annual General Meeting	3:00 p.m., March 31
Quarterly report January-March	April 28
Quarterly report April-June	August 20
Quarterly report July-September	October 29
Year-end report 2004	February 15, 2005

Quarterly reports are only available only on the Company's Website, www.proact.se

Sollentuna, February 13, 2004

ProAct IT Group AB (publ)

Board of Directors

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Organization number: 556494-3446

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Financial Position (MSEK)

Summary Consolidated Statement of Income

	3 months Oct.-Dec. 2003	3 months Oct.-Dec. 2002	12 months Jan.-Dec. 2003	12 months Jan.-Dec. 2002
Net sales	208.9	260.2	694.8	793.9
Total operating revenue	208.9	260.2	694.8	739.9
Goods for resale	-117.6	-154.6	-378.3	-448.5
Other external costs ¹⁾	-17.4	-30.4	-75.6	-97.9
Personnel costs ¹⁾	-59.8	-76.0	-241.2	-246.8
Depreciation of tangible fixed assets	-4.1	-5.3	-18.5	-21.1
Operating result before amortization of goodwill	10.0	-6.1	-18.8	-20.4
Amortization and writedown of goodwill ²⁾	-2.9	-24.4	-11.6	-39.5
Amortization of other intangible fixed assets	-	-0.2	-	-0.6
Operating result	7.1	-30.7	-30.4	-60.5
Financial income ³⁾	1.1	-1.7	2.9	3.3
Financial expense	-0.2	-1.0	-1.2	-2.4
Result after financial items	8.0	-33.4	-28.7	-59.6
Taxes ⁴⁾	-0.6	0.0	2.4	4.4
Minority interest	-0.2	-0.1	-0.2	1.1
Net result for the period	7.2	-33.5	-26.5	-54.1

¹⁾ Other external costs and personnel costs for the first six months 2003 include restructuring costs in an amount of MSEK -9.5. In the result for the full year 2002 include restructuring costs in an amount of MSEK -8.0 and for moving 12 months include restructuring costs in an amount of MSEK -17.5.

²⁾ Amortization and writedown of goodwill for the full year 2002 and for moving 12 months include writedowns in the amount of MSEK -19.0 in the fourth quarter of 2002.

³⁾ Financial income for the full year 2002 and for moving 12 months includes writedown of receivables in an amount of MSEK -3.8 in the fourth quarter of 2002.

⁴⁾ Refers to the sum total of current taxes and deferred taxes.

Per-share Data

	3 months Oct.-Dec. 2003	3 months Oct.-Dec. 2002	9 months Jan.-Dec. 2003	9 months Jan.-Dec. 2002
Earnings before dilution, SEK	0.76	-3.56	-2.81	-5.86
Earnings fully diluted basis, SEK	0.76	-3.56	-2.81	-5.86
Shareholders' equity before dilution, SEK	19.83	23.43	19.83	23.43
Shareholders' equity, fully diluted basis, SEK	19.83	23.43	19.83	23.43
Cash flow from current operations before dilution, SEK	1.02	2.66	-1.45	1.78
Cash flow from current operations, fully diluted basis, SEK	1.02	2.66	-1.45	1.78
Number of shares outstanding at end of period	9 432 312	9 432 312	9 432 312	9 432 312
Number of shares outstanding at end of period, fully diluted basis ¹⁾	9 432 312	9 432 312	9 432 312	9 432 312
Weighted average number of shares outstanding before dilution	9 432 312	9 432 312	9 432 312	9 232 312
Weighted average number of shares outstanding, fully diluted basis ¹⁾	9 432 312	9 432 312	9 432 312	9 232 312
Number of warrants outstanding at end of period	100 000	100 000	100 000	100 000

¹⁾ Warrants issued have no effect on dilution.

Ten Largest Shareholders

Percentage share	2003 Dec. 31
Thalamus Networks AB	10.6
Robur Fonder	6.1
Royal Trust Corporation of Canada	6.1
Andra AP-fonden	3.4
Nordea Fonder	3.4
Marit Fagervold	2.4
Industritjänstemannaförbundet	2.4
Länsförsäkringar Fonder	2.0
Henrik Holm	1.5
Aktia Savings Bank	1.3
Others	60.8
Total	100.0

After year-end, Thalamus Networks AB has reduced its holding and Nordea Fonder has increased its ownership. .,//////////.....

Summary Consolidated Balance Sheet

	2003 Dec. 31	2003 Sep. 30	2002 Dec. 31
ASSETS			
Intangible fixed assets	51.2	53.1	64.1
Tangible fixed assets	17.7	20.2	30.0
Financial assets	1.0	1.1	2.0
Deferred tax claim	14.0	16.1	10.1
Inventories	10.9	8.7	25.2
Receivables	211.9	146.0	273.3
Liquid funds	124.2	117.9	150.7
Total assets	430.9	363.1	555.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	187.0	180.4	221.0
Minority interest	0.0	0.0	0.0
Provisions	2.4	5.0	5.2
Long-term liabilities	5.5	7.7	1.3
Current liabilities	236.0	170.0	327.9
Total shareholders' equity and liabilities	430.9	363.1	555.4

Summary Consolidated Statement of Cash Flow

	3 months Oct.-Dec. 2003	3 months Oct.-Dec. 2002	12 months Jan.-Dec. 2003	12 months Jan.-Dec. 2002
Cash flow before change in working capital	18.2	5.6	7.4	-1.8
Change in working capital	-8.6	19.5	-21.1	18.2
Cash flow from current operations	9.6	25.1	-13.7	16.4
Cash flow from investment operations	-1.1	-4.9	-15.0	-56.0
Cash flow from financing operations	-2.2	-8.1	2.2	-0.2
Change in liquid funds	6.3	12.1	-26.5	-39.8
Liquid funds at beginning of period	117.9	138.6	150.7	190.5
Liquid funds at end of period	124.2	150.7	124.2	150.7

Key Financial Indicators

	3 months Oct.-Dec. 2003	3 months Oct.-Dec. 2002	12 months Jan.-Dec. 2003	12 months Jan.-Dec. 2002
Operating result before amortization of goodwill (EBITA), %	4.8	-2.3	-2.7	-2.6
Operating result before amortization of goodwill (EBITA), % ²⁾	4.8	0.7	-1.4	-1.6
Operating margin (EBIT), %	3.4	-11.8	-4.4	-7.6
Operating margin (EBIT), % ²⁾	3.4	-1.4	-3.0	-4.2
Return on equity, %	3.9	-14.1	-13.0	-22.5
Return on equity, % ²⁾	3.4	-1.1	-7.5	-9.6
Return on capital employed, %	4.4	-13.3	-13.3	-23.5
Return on total capital, %	2.1	-6.4	-5.6	-10.0
Equity ratio, %	43.4	39.8	43.4	39.8
Capital expenditures, MSEK	2.7	9.6	11.8	54.8
Average number of full-time-equivalent employees	264	327	281	310

²⁾ Moving 12 months 2003 adjusted for restructuring costs of MSEK 9.5. Full year 2002 and moving 12 months are adjusted for restructuring costs of MSEK 8.0 and writedown of goodwill of MSEK 19.0 and writedown of receivables in the amount of MSEK 3.8.

For definitions, refer to Annual Report 2002.

Quarterly Statement of Income

	2001				2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating revenue	168.2	229.2	155.6	273.9	181.5	215.7	136.5	260.2	176.7	181.0	128.2	208.9
Goods for resale	-93.9	—	-88.6	—	—	—	-66.9	—	-91.0	—	-68.3	—
		141.7		173.9	105.0	122.0		154.6		101.4		117.6
Other external costs	-20.6	-26.4	-20.8	-25.4	-21.1	-23.2	-23.2	-28.3	-23.6	-18.8	-15.3	-17.4
Personnel costs	-46.3	-53.4	-50.1	-62.6	-55.9	-57.2	-57.7	-70.1	-66.9	-61.4	-44.1	-59.8
Depreciation of tangible fixed assets	-3.0	-3.7	-3.9	-5.2	-4.7	-5.6	-5.5	-5.3	-5.1	-4.7	-4.6	-4.1
Operating result before amortization of goodwill	4.4	4.0	-7.8	6.8	-5.2	7.7	-16.8	1.9	-9.9	-5.3	-4.1	10.0
Amortization of goodwill	-3.5	-3.6	-3.8	-3.8	-4.8	-4.9	-5.4	-5.4	-2.9	-2.9	-2.9	-2.9
Amortization of other intangible assets	—	—	—	—	—	-0.2	-0.2	-0.2	—	—	—	—
Operating result	0.9	0.4	-11.6	3.0	-10.0	2.6	-22.4	-3.7	-12.8	-8.2	-7.0	7.1
Financial items	0.6	0.4	0.8	2.1	0.6	1.6	1.4	1.1	0.0	1.0	-0.2	0.9
Result after financial items	1.5	0.8	-10.8	5.1	-9.4	4.2	-21.0	-2.6	-12.8	-7.2	-7.2	8.0
Items effecting comparability ^{*)}	—	21.0	—	-7.5	—	—	—	-30.8	—	-9.5	—	—
Taxes	-1.0	-5.2	-0.2	0.3	1.5	-2.0	4.9	0.0	0.5	2.5	0.0	-0.6
Minority interest	0.0	-0.4	0.1	0.3	0.5	0.6	0.1	-0.1	0.0	0.0	0.0	-0.2
Adjusted net result for the period	0.5	16.2	-10.9	-1.8	-7.4	2.8	-16.0	-33.5	-12.3	-14.2	-7.2	7.2

*) 2001: Q2 – capital gains on sale of business in ProAct Medical AB

Q4 – restructuring costs

2002: Q4 – restructuring costs MSEK 8.0, writedown of goodwill MSEK 19.0, writedown of receivables in the amount of MSEK 3.8

2003: Q2 – restructuring costs. The cost of goods for resale for the first six months of 2003 has been charged with an inventory writedown in the amount of MSEK 10.2.

Sales by Country

	3 months Oct.-Dec. 2003	3 months Oct.-Dec. 2002	12 months Jan.-Dec. 2003	12 months Jan.-Dec. 2002
Denmark	15.5	33.2	51.2	83.4
Finland	34.0	24.4	98.5	95.3
Norway	56.2	80.4	204.2	199.0
Switzerland	17.5	9.7	59.1	52.2
Sweden	85.7	112.5	281.8	364.0
Net revenue	208.9	260.2	694.8	793.9

Sales by Operating Segment

	3 months Oct.-Dec. 2003	3 months Oct.-Dec. 2002	12 months Jan.-Dec. 2003	12 months Jan.-Dec. 2002
Systems sales	124.8	168.9	360.1	491.0
Service operations	84.1	91.3	334.7	302.9
Total	208.9	260.2	694.8	793.9

Changes in Consolidated Shareholders' Equity

	2003 Dec. 31	2002 Dec. 31
Opening balance	221.0	260.5
New issue (after deduction of issuing costs)	—	12.8
Translation differences	-7.5	1.8
Net result for the period	-26.5	-54.1
Shareholders' equity at end of period	187.0	221.0

Pledged Assets and Contingents Liabilities

	Group Dec. 31 2003	Group Dec. 31 2002	Parent Company Dec. 31 2003	Parent Company Dec. 31 2002
Corporate mortgages	29.9	30.0	3.0	3.0
Pledged receivables	11.6	13.5	—	—
Pledged receivables on subsidiaries	—	—	17.0	17.0
Total pledged assets	41.5	43.5	20.0	20.0
Guaranties for subsidiary committed credit facilities	—	—	9.9	13.7
Other guaranties on behalf of subsidiaries	—	—	10.6	14.6
Total contingents liabilities	—	—	20.5	28.3

