



FRAMTIDSFABRIKEN

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Invitation to acquire shares in Framtidsfabriken AB (publ)

The Offer

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The offer in brief

Offer price	SEK 125 per share excluding commission
Application period	June 2–June 11, 1999
Payment date	June 17, 1999
Expected listing date on the O-list	June 23, 1999

References to "Framtidsfabriken" and "the Company" in this prospectus pertain to the Parent Company Framtidsfabriken AB (publ) as well as the group in which Framtidsfabriken AB (publ) is the Parent Company unless otherwise stated. The designation "Netsolutions" pertains to Netsolutions Sweden AB prior to the acquisition of that company by Framtidsfabriken AB (publ).

Statements regarding future prospects in this prospectus are made by the Board of Framtidsfabriken and are based on current market conditions. The referenced statements are well researched, but the reader should be aware that these, as with all future assessments, involve uncertainty.

The offer in accordance with this prospectus is not addressed to any person resident in Norway, Denmark, Finland, Germany, Great Britain, France, the United States or Canada. Nor is it directed to persons whose participation requires additional prospectus, registration or other measures apart from those required under Swedish law. Neither the prospectus nor the application form may be distributed in any country where distribution or the offer requires measures described in the preceding sentence or conflict with regulations in such a country. The prospectus may not be distributed to any person resident in Canada regardless of whether such person is able to subscribe for shares pursuant to an available prospectus exemption. Applications to acquire shares in conflict with the aforementioned could be invalidated.

The shares in the offer have not, and will not be, registered in accordance with the provisions of the United States Securities Act of 1933 nor has a prospectus been filed regarding the shares in any province in Canada, and the shares may not be offered, transferred or sold directly or indirectly in the United States of America or in Canada or to any citizen, national or resident thereof, unless such offer, transfer or sale is made in accordance with a special exception from applicable registration requirements in the United States or pursuant to an exemption from the prospectus requirements in a province in Canada and only after approval by the Company.

In conjunction with the offer in accordance with this prospectus, Enskilda Securities AB may carry out transactions to stabilise or maintain the share price at levels which otherwise would not prevail on the market. Such stabilisation measures may be taken not later than up to and including the 30th calendar day after the day that institutions receive notice of allocation in the Offer and can be terminated at any given time.

Swedish courts shall exclusively decide disputes in connection with the offer pursuant to Swedish law.

The information that appears in this document is a translation of, and accordingly corresponds in all material respects with, the text of the Swedish prospectus. In the event of any contradiction between the text contained in this document and the Swedish prospectus, the latter shall prevail.

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Invitation to acquire shares in Framtidsfabriken

In order to facilitate Framtidsfabriken's continued expansion, the Board of Directors of the Company and its shareholders¹ have decided to broaden the shareholder base of the Company. This will be accomplished through a combined new issue and the sale of existing shares. In addition, the Board of Directors of Framtidsfabriken has applied for a listing of Framtidsfabriken's shares on the O-list of the Stockholm Stock Exchange.

The Board of Directors of Framtidsfabriken has, with the authorisation of the Special General Meeting of the Company held on April 30, 1999, resolved to increase the share capital by SEK 1,200,000 from SEK 8,442,741 to SEK 9,642,741 by means of a new issue of 1,500,000 shares, each with a par value of SEK 0.80. The offer price has been fixed at SEK 125, corresponding to a total issue amount of MSEK 187.5². By disapplying the pre-emptive rights of the existing shareholders, the general public in Sweden and institutions have the right to subscribe for the newly issued shares.

Furthermore, certain of Framtidsfabriken's shareholders³ ("Main Shareholders") have decided simultaneously with the new issue to make an offer to the general public in Sweden and institutional investors to acquire a maximum of 1,497,623 existing shares, at the price of SEK 125 each, corresponding to a maximum value of MSEK 187.2.

In addition, Framtidsfabriken has pledged, upon the request of Enskilda Securities AB ("Enskilda Securities"), to

make a new issue of an additional maximum of 500,000 shares to cover a possible over-allotment made in connection with the Offer and according to the terms of this prospectus.

An offer is hereby made to acquire a maximum of 2,997,623 shares in Framtidsfabriken, corresponding to not more than 24.9 per cent of the share capital and of the voting rights after full acceptance of the Offer, in accordance with the terms and conditions stated in this prospectus ("The Offer"). If the possibility of over-allotment option is fully exercised, the Offer may comprise 27.9 per cent of the shares and voting rights.

The Offer is conditional upon the new issue being fully subscribed and that shares are acquired with a sufficiently wide ownership to enable a listing on the O-list on the Stockholm Stock Exchange of Framtidsfabriken's shares. In addition, the Offer is also conditional upon Framtidsfabriken, the Main Shareholders and Enskilda Securities reaching an agreement on the sale of the shares pertaining to the Offer on or about June 11, 1999, that certain terms in the agreement are fulfilled and that the agreement is not terminated, see page 47.

For additional information, reference is made to the report in this prospectus, which has been prepared by the Board of Framtidsfabriken in connection with the Offer and the application for a listing of the Company's shares on the O-list of the Stockholm Stock Exchange.

Stockholm, May 29, 1999

Framtidsfabriken AB (publ)
The Board of Directors

The Main Shareholders³

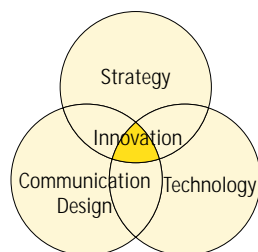
¹ See the section "Share capital and ownership structure".

² Issue costs are estimated at MSEK 20.

³ The shareholders in Framtidsfabriken effecting an offering through this prospectus are Jonas Birgersson, Johan Wall, Computence Intressenter AB, The Interactive Partnership A/S, Ken Ceder, Mattias Söderhielm, Peter Svanfeldt, Martin Anderlind, Jim Prescott, Sven Skarendahl, E. Ohman J:or Fondkommission, Peter Ekelund, Gunnar Rylander, Bo Wetter and Mattias Lindberg.

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Framtidsfabriken in brief



Innovation is created at the intersection of Strategy, Technology and Communication and Design.

Operations

In a short time, Framtidsfabriken has become one of Europe's leading Internet consulting companies. Framtidsfabriken's mission is to play an active part in the creation of the emerging Network Economy – to Acknowledge and Challenge the Unknown. The business concept is to strengthen the clients' competitiveness and create new business opportunities with digital and interactive services in the developing Network Economy.

Framtidsfabriken is convinced that society is on the threshold of a paradigm shift, which will be as significant as the transition from an Agrarian to an Industrial Society. The value chains will change and new opportunities will arise. Framtidsfabriken offers its clients full service consulting, strategy and service development for the Internet and assists clients in establishing strong positions in the Network Society.

The development teams include three skills – each essential to developing advanced business-supporting Internet solutions: *Strategy*, *Communication and Design*, and *Technology*.

The Company aims to forge long-term strategic relationships with its clients. Framtidsfabriken promotes the exchange of Network Economy experiences between clients. Several clients use Framtidsfabriken's proprietary concepts for web infrastructure and organisation. The Company is strategic Internet supplier to, among others, the Volvo Car Corporation (Ford Motor Company), the Volvo Group, Vattenfall, Electrolux, GE

Capital, Expressen, Svenska Dagbladet and IKEA.

Framtidsfabriken is a knowledge-based company, and its most important asset is its employees and the new services they develop. The Company strives to create a successful work environment with a strategic, creative and technological supremacy by, for example, ensuring skill development and maintenance of the corporate culture and values, as well as creating participation through various forms of employee-ownership.

The number of employees totalled 326 on April 30, 1999 (pro forma)¹. The average sales per employee amounted to MSEK 0.9 in 1998 (pro forma).

Market

The western world is moving towards the Network Society and the Network Economy. The comprehensive changes will mean both opportunities and threats, which all in all will lead to a larger need for qualified Internet consulting.

The transition to the Network Economy is technology driven and the rate of development is extremely high, which means that advisors must have daily contact with both the market and the latest technological developments so as not to run the risk of offering yesterday's solution.

In view of the revolutionary changes that have occurred, the demand for consulting services is expected to increase dramatically. IDC has predicted that the international market for professional services for the Internet

¹ See further details on page 12.

We strengthen our clients' competitiveness and create new business in the emerging Network

Economy using digital and interactive services.

will total approximately USD 44 billion in 2002, which corresponds to an average growth of around 55 percent annually between 1999 and 2002.

Since the ambition level of both the market and clients is constantly on the rise, Internet companies must also grow. An international presence is required in order to assist international clients and this has led to a consolidation phase in the industry. Second to US companies, Nordic companies are considered to be the leading Internet consultancies in the world.

A supplier in the Internet industry, who wants to succeed, must possess leading edge, strategic, communicative and technological competences. This places great demands on Internet companies as employers. In addition, a working process that integrates all the skills within the company is required. The supplier of total solutions who can meet these demands is expected to have a very promising future.

Financial information

Sales increased to MSEK 177 in 1998 (pro forma) from MSEK 78 in 1997 (pro forma), a 125 per cent increase. Sales are mainly attributable to the Swedish market. The operating profit, after depreciation of tangible fixed assets, amounted to MSEK 22 in 1998 (pro forma), compared with MSEK 12 in 1997 (pro forma). The operating margin totalled 12.3 per cent after depreciation of tangible fixed assets and the net profit margin in 1998 (pro forma) amounted to 1.3 per cent.

Strategy

Framtidsfabriken's strategy is to:

- Be a leading worldwide player in the Internet and broadband area.
- Establish an international presence and build a strong international brand name.
- Prioritise long-term relations with multinational clients.
- Make purposeful investments in new business, work methods and technologies, such as broadband technology.
- Invest in innovativeness and skills development for the Network Society.
- Combine skills in business strategy with communication, design and solid technical competence.
- Grow with profitability.
- Combine the advantages of the small and large company by creating a large organisation with many small offices – "cells".

One of Framtidsfabriken's strategies is to contribute actively to developing new network-related business projects – "Incubator projects." After the initial development and verification of the business concept, the intention is to sell the new operations, or parts thereof, for further commercialisation.

The first example of this is the business operations initiated and conducted as the broadband company, Bredbandsbolaget.

Vision

Framtidsfabriken's vision is to Acknowledge and Challenge the Unknown.

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Terms and conditions

In order to simplify the description of the Offer, no distinction is made in this section between the shares being newly issued by Framtidsfabriken and the shares being sold by the Main Shareholders.

The Offer

The Offer comprises 2,997,623 shares in Framtidsfabriken AB (publ), which is equivalent to 24.9 per cent of the Company's shares. If the over-allotment option is exercised in full, the Offer will comprise 3,497,623 shares, corresponding to 27.9 per cent of the Company's shares.

Offer price

The offer price is SEK 125 per share, plus a commission fee of 0.65 per cent of the offer price, but not less than SEK 200 in total.

Application period

Application to acquire shares must be submitted during the period from June 2, 1999 up to and including June 11, 1999.

Application

Offer to the general public in Sweden

Applications to acquire shares from the general public must be for a minimum of 100 shares or more, in even multiples of 100 shares. Applications must be made on a special application form which can be obtained from any branch office of Skandinaviska Enskilda Banken ("SEB"). Applications must be submitted to one of SEB's branch offices in Sweden. Application forms can also be forwarded to:

SEB

Emissioner R A7

S-106 40 Stockholm, Sweden

Applications must be received by SEB no later than 6 p.m. on June 11, 1999. Note that certain branch offices close prior to 6 p.m. Only one application form per person may be submitted. No changes or additions can be made to the pre-printed text. Only correctly completed forms will be taken into consideration. **Please note that applications are binding.**

Clients in SEB's Internet bank with Digipass also have the possibility to apply through SEB's Internet bank. Instructions about participation in the Offer via SEB's Internet bank can be obtained on www.sebank.se.

• Application

SEB

Publika Emissioner R A7

S-106 40 Stockholm, Sweden

• Note

Application is binding

The application form must show the account in SEB from which the bank is entitled to withdraw payment for the number of shares indicated in the application. The account must be a check account, private account, savings account, capital account or a shareholder account in SEB or an account in Sesam Telefonbank. Only one account may be indicated for payment, of which the account holder must be the same person who applies to acquire shares.

In order to be considered for an allotment of shares, the balance during the period from June 15, 1999 up to and including June 18, 1999 on the account specified on the application form must be at least the amount, including commission fee, for which the application pertains. This means that the account holder pledges to have this amount available in the account specified during the stated period and that no allotment of shares is made if the amount is not available on the account during the time period. Note that the amount cannot be withdrawn during the specified period. As soon as possible after allotment is made, the funds will be freely available to those who do not receive an allotment. Funds not freely disposable during the specified period will accrue interest in accordance with the terms for the account stated on the application.

Employees within Framtidsfabriken who desire to acquire shares shall follow the separate instructions from the Company.

The Offer to institutional investors

Applications from institutional investors to acquire shares must be submitted to Enskilda Securities not later than 6 p.m. on June 11, 1999. The Offer to institutional investors may be terminated before June 11, 1999. Notice of such a termination will be made through one or more news agencies.

Allocation

The Board of Directors of Framtidsfabriken will make decisions regarding the allocation of shares in consultation with



Enskilda Securities. About 75 per cent of the number of shares offered are intended to be allocated to Swedish and foreign institutional investors and the remaining approximately 25 per cent to the general public in Sweden. Taking into account, among other factors, the demand within each category, deviation from the aforementioned distribution could occur. In making the allocation, the requirements for distribution of the ownership set by the Stockholm Stock Exchange will be considered as well as achieving a broad ownership base and favourable share liquidity. Companies and private persons with which Framtidsfabriken has business relations and employees in the Company will be prioritised. Allocation will first be made with the newly issued shares in Framtidsfabriken. In order to be considered for allocation within the framework of the Offer to the general public, as stated above, a specified account must be held in SEB or Sesam Telefonbanken. The allocation of shares to the general public will be for minimum amounts of 100 shares. In the event of over-subscription, allocation may not be made or with fewer shares than specified on the application form. Allocation to the general public may furthermore be wholly or partially determined by random choice and is not dependent upon when the application was submitted during the application period. Allocation will be in even multiples of 100 shares.

Allocation to employees will be in shares corresponding to a maximum value of SEK 30,000 per employee.

Employees of institutions participating in the issue may be allocated shares, though without being favoured. The allocation will in such cases be carried out according to regulations of the Swedish Securities Dealers Association and the Swedish Financial Supervisory Authority.

Settlement and notice of allocation

The Offer to the general public

Allocation to the general public is expected to occur on or about June 16, 1999. As soon as possible after the allocation, payment will be withdrawn from the account specified in the application. This is expected to take place on or around June 17, 1999. As soon as the allocation of shares is determined, a settlement note, stating that payment for the allocated shares was debited to the account specified, will be forwarded to those who received allocations in the Offer. Those not receiving any shares in the allocation will not be notified.

The Offer to institutional investors

It is expected that institutional investors will receive special notice of allocation on or around June 14, 1999, after which a settlement note will be sent out. Full payment of the allocated shares must be made in cash not later than June 17, 1999.

Please note that if payment is not made in full when due, allocated shares may be sold to another party. If the sale price of such a transaction falls below the Offer price, the party being allocated shares in the Offer may be required to make good the difference.

Registration

When payment has been made for allocated shares and the new issue has been registered with the Patent and Registration Office ("PRV"), the new shares will be registered with the Swedish Securities Register Centre ("VPC"). This is expected to take place on or about June 28, 1999. Thereafter VPC will issue VP-notice indicating the number of shares in the Company registered in the recipient's VP-account. Notification to shareholders whose shares are registered in the name of a nominee will be given in accordance with the practice of the nominee.

Right to dividend

The shares entitle the holder to participation in the Company's profits with effect from the financial year 1999. Distribution of dividends is administered by VPC.

Stock Exchange listing

Framtidsfabriken has applied for the listing of the Company's shares on the O-list of the Stockholm Stock Exchange. The proposed trading lot is 100 shares.

Listing on the O-list on the Stockholm Stock Exchange is expected to commence on or about June 23, 1999.

Conditions for the fulfilment of the Offer

The Offer is conditional upon the new issue being fully subscribed and that a sufficiently wide ownership is being achieved to enable a listing on the O-list of the Stockholm Stock Exchange.

In addition, the Offer is also conditional upon Framtidsfabriken, the Main Shareholders and Enskilda Securities reaching an agreement pertaining to the Offer on or about June 11, 1999, that certain terms in the agreement are fulfilled and that the agreement is not terminated, see page 47.

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Tax issues in Sweden

The following summary of certain Swedish tax consequences is based on Swedish regulations as currently in effect. The summary is intended to provide general information only and does not cover, among other things, those situations where shares are held as current assets in a business operation or held by a partnership. The tax treatment of each individual shareholder partly depends on the holder's specific situation. Each shareholder should consult a tax advisor for information on the specific tax consequences which the Offer may involve for that shareholder's part. The special rules in some situations applicable on shareholdings in a company that is or has been closely held, will not be considered below. Furthermore, the special provisions that in some cases might be applicable on a transitional basis, regarding relief in the taxation of dividends and capital gains on shares in companies previously unquoted, will not be dealt with.

Individuals

For individuals who are fiscally domiciled in Sweden, all capital income such as interest, dividends and capital gains are taxed in the capital income category. The tax rate is 30 per cent. Capital losses are tax deductible as to 70 per cent. Capital losses on quoted shares (or quoted securities that are taxed as shares) are, however, fully deductible against capital gains on other such securities.

If a deficit in the capital income category should arise, a reduction is granted from tax on income from employment and business activities as well as property tax. This tax reduction is granted at 30 per cent for the part of the deficit which does not exceed SEK 100,000, and at 21 per cent for any remaining part. The deficit cannot be carried forward to later tax years.

For individuals resident in Sweden a preliminary tax of 30 per cent on dividends is withheld. The preliminary tax is normally withheld by VPC or – in the cases of nominee-registered shares – by the nominee.

Allotment to employees

Generally, no taxation takes place on the allotment of shares. Employees may in certain cases be subject to taxation on the benefit as part of their salary and benefits. Such taxation will however not arise if the employees (including members of the Board, deputies and present shareholders), on the same terms as others, acquire no more than 20 per cent of the number of offered shares and no single employee acquires such shares for more than SEK 30,000.

Net wealth taxation

The shares in Framtidsfabriken which will be listed on the O-list of the Stockholm Stock Exchange are exempted from net wealth tax.

Limited liability companies

Limited liability companies are taxed in the income category income from business activities. The tax rate is 28 per cent. Capital losses on shares (or securities that are taxed as shares) which are held as capital investments may be offset only against gains on shares (or securities that are taxed as shares). Capital losses on securities that are taxed as shares and which are not deducted against capital gains within a certain year, may be carried forward and be offset against capital gains in future tax years. Specific tax consequences may be applicable to certain categories of corporations.

Withholding tax relating to shareholders resident outside of Sweden

For shareholders who are fiscally resident outside of Sweden and who receive dividends on shares in a Swedish limited liability company, Swedish withholding tax is payable. The withholding tax rate is 30 per cent. This tax rate is, however, generally reduced through treaties with other countries to avoid double taxation. In Sweden, VPC or – for nominee-registered shares – the nominee, normally effect the withholding tax deductions.

Background and reasons for the Offer

The operations of the Internet consulting company Framtidsfabriken were established in 1995 by the present CEO of the Company, Jonas Birgersson. The last couple of years, the spread and use of the Internet has developed explosively, from being a passive information medium to becoming a strategically important interactive marketing and sales tool for companies in most industries. Since its establishment Framtidsfabriken has expanded strongly and net sales in 1998 (pro forma) amounted to approximately MSEK 177.

Framtidsfabriken's clients are mainly internationally operating corporations and export-oriented companies with Nordic connections. The Company currently has eight offices throughout southern and central Sweden and subsidiaries in Copenhagen and London but, through its international clients, its operations extend far beyond the country's borders. The Company's organic growth will occur primarily in Sweden. Outside Sweden and outside Framtidsfabriken's core competence areas, the Company aims to grow mainly by acquiring Internet companies. In May 1999, agreements to acquire the London-based Internet consulting company Vivid Edge, the M.O.R. Internet direct marketing agency in Malmö, and Networkers, the leading Internet consulting company in Denmark were signed, all in line with the established acquisition strategy.

The additional capital will thus be used in part for organic growth and in part to acquire companies. The Board of Directors believes that the Company's business concept, technical know-how, organisation, good client relations and experience of earlier acquisitions provide an excellent platform for expanding the operations geographically and for continued rapid and profitable growth of the business. The Company's Board of Directors believes that it is important that the Company has a solid financial position.

The most important reasons for the stock exchange listing and procurement of capital are

- to create, through the listing of its own shares, a currency with a clear market value that can be used in connection with company acquisitions,
- to attract skilled personnel who, through incentive programs, are given opportunities to participate in the expected increased growth in value and

- to obtain the financial strength that is required for international expansion.

The stock exchange listing will also result in increased attention from the capital market, clients, suppliers, the media and the public, which will in turn increase knowledge of, and create greater interest in, Framtidsfabriken, thereby stimulating demands on the entire organisation and have a positive impact on the future development.

In order to successfully take advantage of the Company's growth potential in existing and new markets, the Company's Board of Directors and owners have decided to effect the pending new issue of shares and broadening of the ownership base, and to apply for the listing of the Company's shares on the O-list of the Stockholm Stock Exchange. The current broadening of the ownership base and new issue of shares will provide the Company with approximately MSEK 167.5, after deduction of issue expenses.

In order to create conditions for a satisfactory liquidity in the Company's shares, the Main Shareholders have agreed to divest parts of their shareholdings in the Company and offer them for sale in addition to the new issue of shares. They and the other large shareholders intend to remain as Main Shareholders of Framtidsfabriken and continue to take an active part in its future development.

All Main Shareholders and a number of shareholders with holdings of at least 0.5 per cent of the share capital in Framtidsfabriken have pledged not to sell shares within a period of 12 months from the first day of listing without the written consent of Enskilda Securities.

Further, reference is made to the information contained in this prospectus, which has been prepared by the Board of Directors of Framtidsfabriken for the purpose of the Offer and the application for a listing of the Company's shares on the Stockholm Stock Exchange. The Board of Directors, which is responsible for this prospectus and hereby confirms that, to the best of the Board of Directors' knowledge, the information in this prospectus accurately reflects actual conditions and that nothing of significant importance has been omitted that could influence the perception of Framtidsfabriken created by the prospectus.

Stockholm, May 29, 1999

Framtidsfabriken AB (publ)
The Board of Directors





Client case

www.car.volvo.se

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CEO's statement

Framtidsfabriken's reason for being

The task

We are living in a historical period – the Industrial Economy is being replaced by another paradigm. In this paradigm shift a great deal will be changed; old institutions will wither away and new ones will be created. We want to assume our responsibility and have a key role in this development of society. Under the motto, "To Acknowledge and Challenge the Unknown", we want to help create prosperity in the new economy. Strategically, we divide our work for clients into three different areas: Respirators, Hybrids and Incubators.

Respirators

The classic Swedish multinational industrial companies operate in a very tough and competitive world. Globalisation, standardisation and shrinking margins in mature industries constitute major threats – these companies need new competitive power. Framtidsfabriken is working with some of Sweden's largest companies to reduce the companies' costs and create new revenues in the emerging Network Economy through use of Internet-related technology and business development. Our long-term co-operation with Volvo Car Corporation is one example. Continuously since the launch of the Volvo C-70 on the Internet in the autumn of 1996, we have jointly developed a web-based system for brand name communication and sales.

Hybrids

We describe companies that have one leg on each side of the imaginary line separating the Industrial and Network Economies as Hybrids. Boxman – Europe's dominant CD e-tai-

ler – is a good example; its sales channel is completely network-based – all sales are made on the website – but the product originates from the Industrial Society (music or films are sold via plastic-based media, CDs and film cassettes). Simply stated, the sales are digital but the product is physical.

Incubators

Incubators are companies that are completely adapted to the digital Network Economy. They are most often creative and innovative companies. Framtidsfabriken has a very active way of relating to these companies and enterprises. With our "greenhouse" for innovation entrepreneurs, we are helping to create tomorrow's companies. These men and women who are burning with enthusiasm for their companies, in turn stimulate and challenge us. By imposing new and challenging demands, they serve as a continuous stimulus to us. These companies often contain completely digital flows: marketing, product, payment and delivery take place without any variable costs. It was in this creative and challenging environment that the broadband Internet Service Provider Bredbandsbolaget (www.bredband.com) was created.

Resources

What assets do we have that enable us to produce results for our various clients? Within the company we have interdisciplinary expertise, with collective knowledge of the Network Economy. Many resources are required to be able to deal with the new world, and help others to deal with it – knowledge of technology, economy, behavioural science and organisation and, of course, communication and design. The Company contains both

• Jonas Birgersson

- 27 years old from the city of Lund, Sweden.
- Founder of Framtidsfabriken and developer of the concept for Bredbandsbolaget.
- Military historian.
- At 23 years of age, chairman of 25,000 game enthusiasts in SVEROK (the Swedish association for role-playing and strategy games).
- In 1995 he arranged the first Internet fair in Sweden.
- "Web Guru of the Year" 1998.
- Received the "Outstanding Young Person of the Year" award in Sweden in 1999.
- Prominent and popular lecturer.

The industrial society is replaced by the

Network Society – new companies are established and traditional companies must adapt.

traditionalists and revolutionaries – everything that will enable us to provide what our clients lack. We combine in-depth technical and communications know-how with business-like operations.

Clients' requirements

Framtidsfabriken does not know what the future and the new economy will bring but we have created an environment and a brand name that is attracting the best employees with the most advanced skills. And as a result of continuously operating under the pressure of the finest and most challenging clients – giant global companies as well as the keenest innovators – our objective is to create the leading entrepreneurial company in our niche.

Growth with profitability

Critical mass is the determining factor in attracting the most interesting clients and the most competent employees. Along with the Company's growth strategy, there is a demand for profitability. Growth is important, but to remain profitable during a period of strong growth it is also important that the organisation does not become accustomed to an excessive cost structure. All expansion in the form of new offices is controlled by client needs. We intend to continue our strong growth, both organically and through acquisitions, and to establish international operations, in part in order to follow present Swedish multinational clients out into the global market and in part to compete for the large international clients.

We are creating the Future together

In 1900, 48 per cent of the working population in Sweden was engaged in jobs related

to agriculture – the figure today is lower than 3.5 per cent. Today's farms are producing a total volume that is a thousand times greater, with a much higher quality.

The same great change is visible in the manufacturing industry today. Framtidsfabriken has worked with some of Sweden's largest industrial projects, the Volvo S-80 and Saab Gripen. We understand the problems that a modern manufacturing company is facing. Companies have to create new competitive advantages in order to obtain new export revenues. Sweden has historically been clever in adapting to new paradigms – new sets of rules. Land reform measures were instituted to stimulate farming, and a national railway system was built to accelerate development of the Industrial Society. Now we once again have to demonstrate that we are fast and smart. Telia and Ericsson have shown in the field of mobile telephony that Sweden can become a world leader in technical innovation. It is of utmost importance that we use our position of leadership to build expertise in the Network Economy – which is where the great new values will be created in the future. Without this, there will be no future prosperity. We will do our best to follow our clients out into the world, and together with them create the future. In this future I naturally want to include all our new shareholders who are prepared to invest in the exciting developments we are facing.

Jonas Birgersson
CEO

Jonas Birgersson, CEO

• *Motto*

Acknowledge and Challenge
the Unknown



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The Group's development in brief

Assumptions and principles for preparation of pro forma accounts

The pro forma accounts include Framtidsfabriken AB and the following subsidiaries and subsidiaries of subsidiaries: Netsolutions Sweden AB ("Netsolutions"), Networkers The Interactive Partnership A/S ("Networkers"), Framfab Management AB, Rauer & Hammar AB, Computence AB, COIN Commerce on Internet AB and Tribal Media AB. Of these companies only the Parent Company, Netsolutions and Networkers are currently active. The pro forma accounts present an accurate picture of the new Group since the companies within it are similar. The subsidiaries Marknadsföring- och Reklambyrån Förvaltning AB ("M.O.R.") and Vivid Edge Ltd ("Vivid Edge"), which were acquired in May 1999 are not included in the pro forma accounts since their impact on the Group's results and financial position is not deemed to be material. In preparing the pro forma accounts for 1997 the profit (MSEK 13) attributable to the sale of shares of companies in subsidiaries with non-core operations has not been included. In the absence of comparability, no pro forma accounts for 1996 have been prepared.

The Framtidsfabriken Group was formed in January 1998. The pro forma accounts for 1997 have been prepared based on such financial statements as annual reports and preliminary operating reports of the individual companies in the Group.

Framtidsfabriken's acquisitions of Netsolutions and Networkers took place in April and May of 1999, respectively. Pro forma accounts of these companies for 1997, 1998 and the first quarters of 1998 and 1999 have been prepared based on the reports of operations in Netsolutions and Networkers for each period.

In the pro forma accounts the acquisitions of all subsidiaries are assumed to have occurred as of January 1, 1997. However, the pro forma accounts have been prepared based on the acquisition analyses that were prepared on the actual date of each acquisition. Income statements have been charged with amortisation of goodwill pertaining to all acquisitions. To achieve greater comparability with Framtidsfabriken's (not pro forma) consolidated accounting in 1998 and thereafter, amortisation of goodwill prior to each actual date of acquisition is not included in the goodwill item in the balance sheet but is instead transferred to shareholders' equity.

The accounting principles that are being applied in Framtidsfabriken today are used in the pro forma accounts, see also page 63. In 1997 and 1998, adjustments of accounting principles have reduced operating income after depreciation of tangible fixed assets by MSEK 0.3 and MSEK 0.4, respectively. The adjustments pertain to valuation of computer equipment and work in progress.

CONDENSED INCOME STATEMENTS

TSEK	Jan-Dec 1998 <i>Pro forma</i>	Jan-Dec 1997 <i>Pro forma</i>	Jan-Mar 1999 <i>Pro forma</i>	Jan-Mar 1998 <i>Pro forma</i>
Sales	176,664	78,398	55,770	35,527
Cost of operations	-153,113	-64,646	-48,949	-26,564
Operating profit before depreciation	23,551	13,752	6,821	8,963
Depreciation of tangible fixed assets	-1,907	-1,585	-788	-722
Operating profit after depreciation of tangible fixed assets	21,644	12,167	6,033	8,241
Amortisation of goodwill	-19,860	-19,504	-5,057	-4,876
Operating profit	1,784	-7,337	976	3,365
Financial items	559	68	279	124
Profit after financial items	2,343	-7,269	1,255	3,489
Taxes	-6,570	-3,560	-1,611	-2,411
Profit/loss for period	-4,227	-10,829	-356	1,078

CONDENSED BALANCE SHEETS

TSEK	<i>Dec. 31, 1998 Pro forma</i>	<i>Dec. 31, 1997 Pro forma</i>	<i>March 31, 1999 Pro forma</i>	<i>March 31, 1998 Pro forma</i>
Assets				
Goodwill ¹	200,617	195,040	199,565	194,617
Tangible fixed assets	9,404	3,101	10,148	3,974
Financial fixed assets	502	130	486	130
Total fixed assets	210,523	198,271	210,199	198,721
Accounts receivable	54,010	19,329	47,474	21,325
Other current assets, excluding liquid funds	17,310	4,417	20,971	8,777
Liquid funds	55,516	19,786	59,253	21,327
Total current assets	126,836	43,532	127,698	51,429
Total assets	337,359	241,803	337,897	250,150
Shareholders' equity and liabilities				
Shareholders' equity	283,815	217,224	287,976	223,015
Provisions	1,997	2,354	3,258	4,187
Interest-bearing liabilities	14,930	3,016	12,784	3,212
Long-term non-interest-bearing liabilities	13	406	13	857
Current non-interest-bearing liabilities	36,604	18,803	33,866	18,879
Total shareholders' equity and liabilities	337,359	241,803	337,897	250,150

¹ See also page 17.

SPECIFICATION OF CHANGE IN SHAREHOLDERS' EQUITY

TSEK	<i>Jan-Dec 1998 Pro forma</i>	<i>Jan-Mar 1999 Pro forma</i>	<i>Jan-Mar 1998 Pro forma</i>
Shareholders' equity at beginning of period	217,224	283,815	217,224
New issue of shares and other additions to capital	52,727	252	329
Reversal of amortization charged against income for period ²	17,811	4,453	4,453
Translation difference	280	-188	-69
Profit/loss for period	-4,227	-356	1,078
Shareholders' equity at close of period	283,815	287,976	223,015

² See also page 12.

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CONDENSED STATEMENTS OF CHANGES IN FINANCIAL POSITION	Jan–Dec 1998 <i>Pro forma</i>	Jan–Dec 1997 <i>Pro forma</i>	Jan–Mar 1999 <i>Pro forma</i>	Jan–Mar 1998 <i>Pro forma</i>
TSEK				
Profit/loss after financial items	2,343	–7,269	1,255	3,489
Depreciation	21,767	21,089	5,845	5,598
Taxes	–6,570	–3,560	–1,611	–2,411
Cash flow from operations before change in working capital	17,540	10,260	5,489	6,676
Increase (–) / decrease (+) in operating capital (excluding liquid funds)	–18,140	–8,857	–31	–4,237
Cash flow from operations	–600	1,403	5,458	2,439
Net investments in tangible fixed assets	–8,013	795	–1,682	–1,618
Net investments in intangible fixed assets	–7,121	17,657 ¹	–	–
Net investments in financial fixed assets	–349	–3	–1	–2
Cash flow before financing	–16,083	19,852	3,775	819
New issue of shares and other additions to capital	52,727	16,004	252	329
Increase (+) / decrease (–) in long-term liabilities	–468	–26,835	–8	438
Translation differences	–446	4	–282	–45
Cash flow for period	35,730	9,025	3,737	1,541

KEY DATA	1998 <i>Pro forma</i>	1997 <i>Pro forma</i>	Jan–Mar 1999 <i>Pro forma</i>	Jan–Mar 1998 <i>Pro forma</i>
Growth in sales, %	125.3%		57.0%	
Gross margin, %	13.3%	17.5%	12.2%	25.2%
Operating margin after depreciation of tangible fixed assets, %	12.3%	15.5%	10.8%	23.2%
Operating margin, %	1.0%	–9.4%	1.8%	9.5%
Profit margin, %	1.3%	–9.3%	2.3%	9.8%
Shareholders' equity, TSEK	283,815	217,224	287,976	223,015
Capital employed, TSEK	298,745	220,240	300,760	226,227
Interest-bearing liabilities, TSEK	14,930	3,016	12,784	3,212
Net investments, TSEK	15,483	–18,449 ¹	1,683	1 620
Interest-coverage ratio, times	4.0	–36.7	6.4	38.9
Debt ratio, times	0.1	0.0	0.0	0.0
Equity/assets ratio, %	84.1%	89.8%	85.2%	89.2%
Risk capital ratio, %	84.6%	90.7%	86.2%	90.8%
Return on capital employed, %	1.2%	–3.2%	0.4% ²	–
Return on shareholders' equity, %	–1.7%	–5.0%	–2.2% ²	–
Average number of employees	196	84	290	137
Number of employees at end of period	286	133	312	152
Sales per employee, TSEK	901	933	901 ²	–
Profit per employee, TSEK	110	145	89 ²	–

¹ See also page 17.

² Pertains to rolling twelve months.



Kjell Wallén, Strategy

DATA PER SHARE

	1998 <i>Pro forma</i>	1997 <i>Pro forma</i>	Jan-Mar 1999 <i>Pro forma</i>	Jan-Mar 1998 <i>Pro forma</i>
Profit/loss, before Offer and before full dilution, SEK ¹	-0.40	-1.03	-0.03	0.10
Profit/loss, after Offer and after full dilution, SEK ²	-0.32	-0.81	-0.03	0.08
Shareholders' equity, SEK	26.89	20.59	27.29	21.13
Dividend, SEK	—	—	—	—
Number of shares at close of period/average number of shares before Offer and before full dilution ³	10,553,426	10,553,426	10,553,426	10,553,426
Number of shares at close of period/average number of shares after the Offer and after full dilution ²	13,353,426	13,353,426	13,353,426	13,353,426

¹ Based on number of shares before pending Offer and before exercise of outstanding warrants.

² Based on number of shares assuming full subscription of the Offer (including full exercise of over-allotment option) and exercise of all outstanding warrants.

³ For purposes of comparison, the same number of shares has been used for all reporting periods.

Definitions

Risk capital ratio

Shareholders' equity plus minority interest and deferred tax liability as a percentage of total assets.

Return on shareholders' equity

Profit after financial items, less deduction for full tax, divided by average shareholders' equity.

Return on capital employed

Profit after financial items, plus financial expenses, divided by average capital employed.

Gross margin

Operating profit before depreciation as a percentage of sales.

Shareholders' equity per share

Shareholders' equity divided by the number of outstanding shares.

Sales per employee

Sales divided by the average number of full-time employees.

Profit per employee

Operating profit after depreciation of tangible fixed assets divided by the average number of full-time employees.

Interest-coverage ratio

Profit after financial items plus financial expense divided by financial expenses.

Operating margin after depreciation of tangible fixed assets

Operating profit after depreciation of tangible fixed assets as a percentage of sales.

Operating margin

Operating profit as a percentage of sales.

Debt ratio

Interest-bearing liabilities divided by shareholders' equity.

Equity/assets ratio

Shareholders' equity, including minority interest, as a percentage of total assets.

Capital employed

Total assets reduced by non-interest-bearing liabilities including deferred tax liability.

Profit margin

Profit after financial items as a percentage of sales.

Profit per share

Profit for the period after full tax divided by average number of shares.

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Management's discussion and analysis

All statements pertain to the pro forma accounts.

1998 compared with 1997

Sales increased from approximately MSEK 78.4 in 1997 to approximately MSEK 176.7 in 1998, an increase of approximately 125 per cent. The increase was attributable primarily to continuing strong demand for Internet services, combined with successful recruiting of personnel.

The trend of sales in 1998 was characterised by a marked increase in the average size of projects and a larger number of projects resulting in greater distribution of risk. The largest client accounted for approximately 22 per cent of sales and the five largest contributed about 45 per cent. Sales were attributable primarily to the Swedish market. Net sales in markets outside Sweden amounted to approximately 26 per cent, with Denmark accounting for 16 per cent.

Operating profit in 1998 after depreciation of tangible fixed assets amounted to approximately MSEK 21.6, compared with approximately MSEK 12.2 in 1997, an increase of about 78 per cent. The increase was attributable primarily to growth in volume. Profit was charged with capital expenditures – mainly for computer equipment – that were expensed as incurred. Computer equipment acquired and expensed in 1998 amounted to approximately MSEK 13.7. The operating margin, after depreciation of tangible fixed assets, decreased from approximately 15.5 per cent to approximately 12.3 per cent. Operating profit in 1998 amounted to approximately MSEK 1.8, compared with an operating loss of approximately MSEK 7.3 in 1997. Operating profit was charged with amortisation of approximately MSEK 19.9, which was attributable mainly to the acquisitions of Netsolutions and Networkers. The result after financial items increased from a loss of approximately MSEK 7.3 in 1997 to a profit of approximately MSEK 2.3 in 1998. The profit margin was approximately 1.3 per cent, compared with a negative margin of approximately 9.3 per cent in 1997. During 1998 the result after tax improved from a loss of approximately MSEK 10.8 to a loss of approximately MSEK 4.2.

The average number of employees in 1998 increased from 84 to 196. The number of employees at the end of the year was 286, compared with 133 in 1997.

1997

Sales in 1997 amounted to approximately MSEK 78.4 and the operating profit after depreciation of tangible fixed assets was approximately MSEK 12.2, equal to a margin of approximate-

ly 15.5 per cent. Profit after financial items incurred a loss of approximately MSEK 7.3 following a charge of approximately SEK 19.5 for amortisation of goodwill. The profit margin was negative amounting to approximately 9.3 per cent.

The average number of employees in Framtidsfabriken during the year was 84 and the number at December 31, 1997 was 133.

First quarter of 1999 compared with first quarter of 1998

Framtidsfabriken's sales in the first quarter of 1999 amounted to approximately MSEK 55.8, compared with approximately MSEK 35.5 in the first quarter of 1998, an increase of approximately 57 per cent. The increase was attributable primarily to increased market demand for Internet services. Operating profit after depreciation of tangible fixed assets in the first quarter of 1999 amounted to approximately MSEK 6.0, compared with approximately MSEK 8.2 in the first quarter of 1998, a decrease of approximately 27 per cent. The operating margin after depreciation of tangible fixed assets decreased from approximately 23.2 per cent to approximately 10.8 per cent. The very high operating margin in the first quarter of 1998 was due primarily to final deliveries of major projects. Operating profit in the first quarter of 1998 amounted to approximately MSEK 3.4, compared with approximately MSEK 1.0 in the first quarter of 1999. Profit after financial items declined from approximately MSEK 3.5 in the first quarter of 1998 to approximately MSEK 1.3 in the first quarter of 1999, a decrease of approximately 64 per cent. The profit margin in the first quarter of 1998 was approximately 9.8 per cent, compared with approximately 2.3 per cent in the corresponding period of 1999. The result after tax declined from a profit of approximately MSEK 1.1 between the same periods to a loss of approximately MSEK 0.4.

Net financial items and financial position

Framtidsfabriken's net financial income for the years 1998 and 1999 amounted to MSEK 0.6 and MSEK 0.1, respectively and during the first quarter of 1999 net financial income amounted to MSEK 0.3, compared with MSEK 0.1 in the corresponding period of 1998. Since it was founded the Company has only had limited interest-bearing liabilities. As of March 31, 1999 (pro forma), these liabilities amounted to MSEK 12.8, compared with

MSEK 3.2 on the same date in 1998. As of March 31, 1999, liquid funds amounted to MSEK 59.3, compared with MSEK 21.3 on the same date in 1998. The increase in liquid funds is primarily a result of new share issues.

The table below shows how interest-bearing liabilities, liquid funds and net cash have developed since 1997.

TSEK	Dec 31, 1998 Pro forma	Dec 31, 1997 Pro forma	Mar 31, 1999 Pro forma	Mar 31, 1998 Pro forma
Interest-bearing liabilities	14.9	3.0	12.8	3.2
Liquid funds	55.5	19.8	59.3	21.3
Net cash	40.6	16.8	46.5	18.1

The financial statement has been very stable and as of December 31, 1998, the equity/assets ratio amounted (pro forma) to approximately 84 per cent compared with approximately 90 per cent (pro forma) at year-end 1997. As of March 31, 1999 the equity/assets ratio was approximately 85 per cent, compared with approximately 89 per cent as of March 31, 1998.

Investments in tangible fixed assets

Framtidsfabriken expenses its purchases of computers (1998: approximately MSEK 13.7). As a result of this, and the fact that the Company is a service-producing organisation, its need for investments in tangible fixed assets has been limited, which in turn caused a low level of depreciation. Investments have been made mainly in computer equipment and office equipment. Framtidsfabriken estimates that future investments – primarily in computer equipment – will follow the growth in number of employees.

MSEK	1998 Pro forma	1997 Pro forma	Jan-Mar 1999 Pro forma	Jan-Mar 1998 Pro forma
Investments in office equipment and computer equipment	8.0	-0.8	1.7	1.6

Goodwill

In the spring of 1998 Framtidsfabriken acquired Computence AB and Tribal Media AB and at the same time took over the operations of Framfab Management AB. A goodwill item totaling MSEK 16.5 arose in connection with these transactions.

In 1999, through a directed placement of new shares, Framtidsfabriken acquired 100 per cent of the shares of Net-

solutions and Networkers, whereby goodwill amounting to MSEK 128.9 and MSEK 49.2, respectively, arose.

As a result of the above acquisitions, Framtidsfabriken has gained access to a larger strategic client base and expert personnel, as well as structural capital in the form of technologies and methods, among others. Since these assets are deemed to have long-term earnings potential and strategically value, goodwill is being amortised over ten years.

Working capital

Framtidsfabriken's expansion has affected its working capital (excluding liquid funds), which at December 31, 1998 had increased from approximately MSEK 4.9 (in 1997) to approximately MSEK 34.7. Accounts payable are the largest item in working capital; as of December 31, 1998 they amounted to approximately MSEK 54.0, to be compared with approximately MSEK 19.3 on the same date in 1997. The increase in accounts receivable is attributable in part to the higher sales and in part to the final deliveries – and related final invoicing – of a large number of relatively large projects at the end of 1998. 98 per cent of accounts payable outstanding as of December 31, 1998 have so far been paid in 1999. As of March 31, 1999, working capital amounted to approximately MSEK 34.6, compared with MSEK 11.2 1998.

Cash flow

The Company's cash flow (before financing but after investments) has developed negatively in 1998, from MSEK 19.9 (pro forma) in 1997 to MSEK -16.1 1998. The negative trend was primarily the result of increased working capital and the fact that cash flow in 1997 was affected positively in the amount of MSEK 18.1 from the sale of proprietary software in the Computence Group. In the first quarter of 1999 Framtidsfabriken's cash flow (before financing but after investments) amounted to MSEK 3.8, compared with MSEK 0.8 in the first quarter of 1998.

Tax situation

Framtidsfabriken has no loss carryforwards. Deferred tax liabilities attributable to 1998, calculated based on a tax rate of 28 per cent, amount to approximately MSEK 1.6 pro forma.

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Sensitivity analysis

Framtidsfabriken's earnings are affected by a number of factors. The table below shows how operating profit is affected by changes in certain variables. The effects shown are based on pro forma data for the fiscal year 1998 and should be viewed as indications of the effect of an isolated change in each variable.

Variable	Change	Effect on operating profit after depreciation of tangible fixed assets
Change in volume	+/- 10 per cent	+/- MSEK 2.2
Price change	+/- 10 per cent	+/- MSEK 17.7
Payroll costs	+/- 10 per cent	-/+ MSEK 8.7
Swedish krona	+/- 10 per cent	-/+ MSEK 0.3

Currency policy and currency exposure

No single currency (apart from the SEK) currently represents a substantial percentage of Framtidsfabriken's net sales or earnings. Accordingly, the Board of Directors does not consider it necessary to hedge exposure in foreign currency at the present time. If the Company's dependence on one or more currencies increases, the Board of Directors will study the conditions for a change in currency policy.

The Board of Directors' work in 1998 and up to and including April 1999

The Board of Directors of Framtidsfabriken held a large number of meetings at which minutes were kept in 1999. Matters dealt with included strategic planning, financial reporting, forecasts, acquisitions, and financing, working procedures for the Board of Directors, instructions for the CEO, and other management matters. The Company's auditors report at one Board of Directors' meeting each year. Hereby, observations pertaining to internal controls and accounting are dealt with.

During the early part of 1999 the Board of Directors' work has been focused on the continuing expansion of operations, including acquisitions, and on preparing Framtidsfabriken for the pending stock exchange listing.

The Company's Board of Directors consists of seven members, including the CEO, Jonas Birgersson. During 1998, Paul Saffo, a Director of Institute for the Future, was named a

Board member. At the Annual General Meeting on April 8, 1999, Carl Wilhelm Ros was appointed the new Chairman of the Board. Bertil Villard was named a new member at the same time. Ken Ceder, another founder of Framtidsfabriken is also a member of the Board of Directors.

At a Special General Meeting on April 30, 1999, in connection with the acquisition of Netsolutions, Johan Wall, formerly CEO of Netsolutions, and Sven Skarendahl, formerly Chairman of the Board of Directors of Netsolutions, were elected members of Framtidsfabriken's Board.

Financial objectives

Framtidsfabriken's objective is to achieve continuing strong growth with profitability. The Company also seeks to have a strong financial position with a view to being able to implement a credible and aggressive growth strategy – through both organic expansion and acquisitions.

Dividend policy

The Board of Directors believes that the size of future dividends should be determined based on Framtidsfabriken's long-term growth and trend of earnings as well as on the need for capital for continuing expansion, taking into account the Company's financial position. Framtidsfabriken today is in a process of growth that is expected to continue during the years immediately ahead. During this process the Board of Directors believes that accumulated unrestricted shareholders' equity mainly should be available for the business. Against this background, the Board of Directors expects the dividend policy to be restrictive during the years immediately ahead.

Significant events

The following significant events that have affected Framtidsfabriken's financial position and outlook for the future have occurred since December 31, 1998:

- IKANO acquired 3 per cent of Framtidsfabriken's shares in January.
- In April 1999 Framtidsfabriken acquired all of the shares of Netsolutions through a directed placement of 2,536,687 new shares and a cash payment of about MSEK 1.6. The acquisition is included in the pro forma accounts.



Per Lundquist, Account Manager

- In May 1999 Framtidsfabriken acquired 70 per cent of the shares of M.O.R. through a direct placement of 109,958 newly issued shares, with an option to acquire the remaining 30 per cent of the shares in March 2000 at a price to be based on the growth in M.O.R.'s sales and earnings. In the fiscal year beginning September 1, 1997 through August 31, 1998 M.O.R. had sales of MSEK 17.2, with an operating margin of 5 per cent. In April 1999 M.O.R. had 19 employees. The acquisition is part of Framtidsfabriken's normal acquisition strategy. The acquisition has not been recognised in the pro forma accounts; since the impact on the Company's financial position is not deemed to be material.
- In May 1999 Framtidsfabriken acquired 100 per cent of the shares of Networkers, a Danish company, through a directed placement of 900,000 new shares. The acquisition is included in the pro forma accounts.
- Bredbandsbolaget should be regarded as a result of Framtidsfabriken's ambition to seize and realise new business opportunities. The operations will require very large capital investments in the near future. Prior to the merger with Netsolutions, the Board of Directors decided that Bredbandsbolaget's operations were not compatible with Framtidsfabriken's and were characterised by high risk. Accordingly, in May 1999, 80 per cent of Bredbandsbolaget's shares were sold for MSEK 8.0. There is also an agreement extending over a period of ten years between Framtidsfabriken and Bredbandsbolaget covering a sales-related additional payment. The size of the cash flow that can be received by Framtidsfabriken is uncertain. Bredbandsbolaget has been treated as a financial holding in the pro forma accounts. Framtidsfabriken's long-term holding will be diluted when the operations in Bredbandsbolaget are capitalised.
- In May 1999 the Company concluded a letter of intent with Vivid Edge in London to subscribe for a direct placement of newly issued shares amounting to GBP 240,000. Following implementation of the new issue, Framtidsfabriken will hold 51 per cent of the shares in Vivid Edge, with an option to acquire another 40 per cent in May 2000 at a price to be based on the growth in Vivid Edge's sales and earnings. Vivid Edge has seven employees. The acquisition

is part of Framtidsfabriken's normal acquisition strategy. The acquisition has not been recognised in the pro forma accounts; since the impact on the Company's financial position is not deemed to be material.

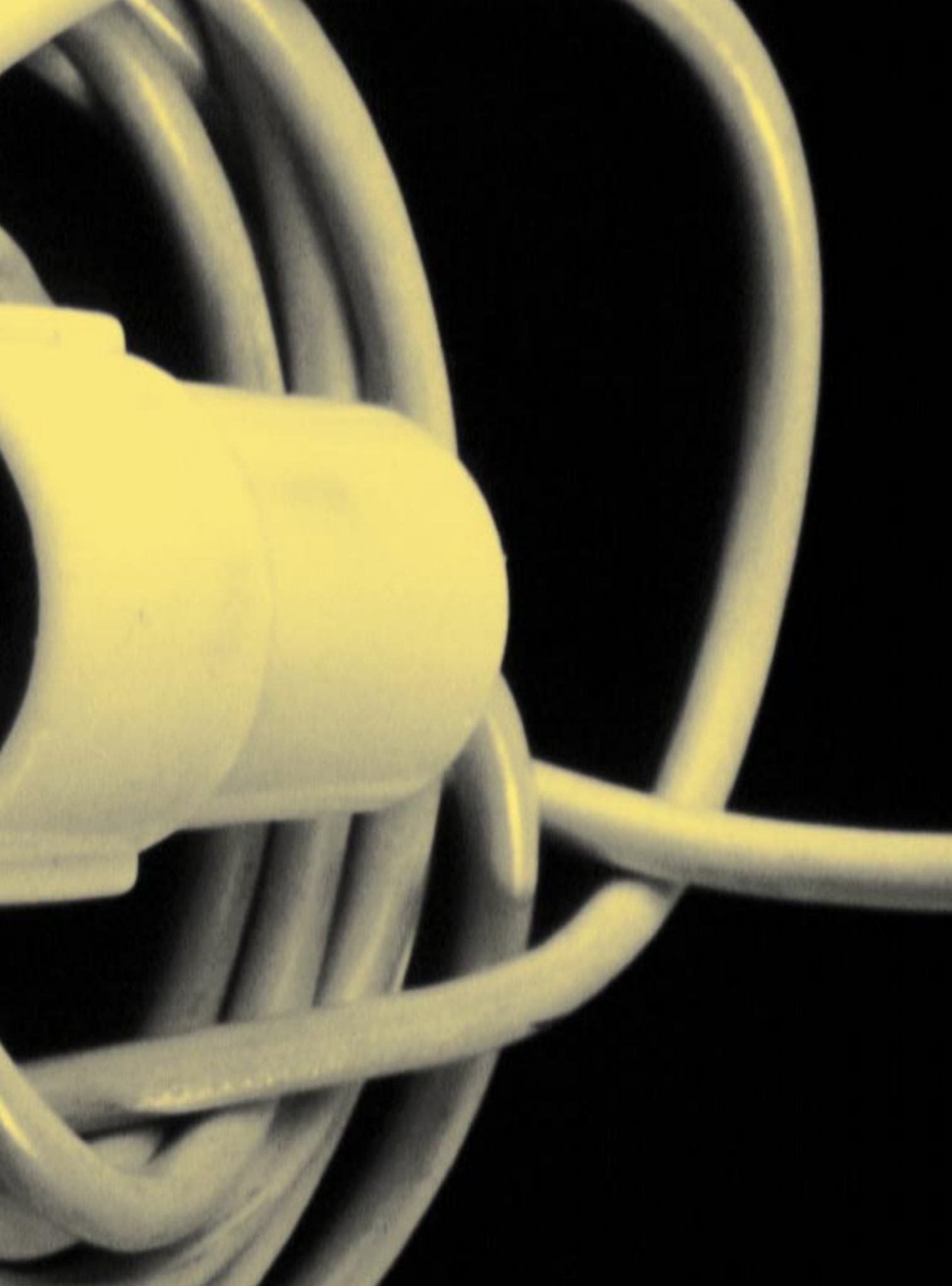
- In May 1999 Framtidsfabriken acquired shares of American Transatlantic Technology Ventures LLC for SEK 240,000. Additional capitalisation is under way through offers to investors to become shareholders through a directed placement of new shares. Following the issue of new shares, Framtidsfabriken's holding will amount to less than 20 per cent. The plan is to use the firm for future "greenhouse" operations, such as Incubator projects.

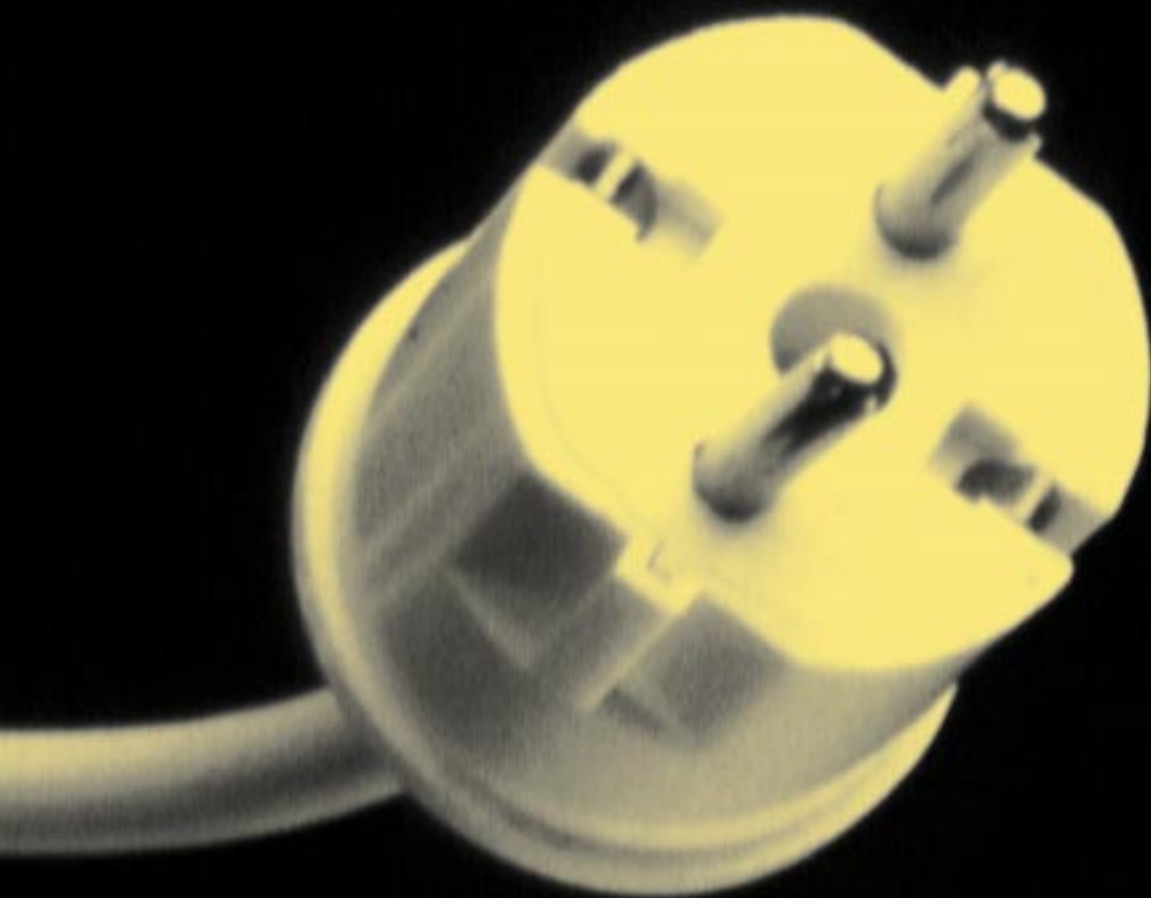
Outlook

Framtidsfabriken's management believes that the growth in Internet-related services will continue to be strong in the future, both in terms of pure volume expansion and a broadened business environment – the market of the future has not yet been defined! Framtidsfabriken's stated ambition – to Acknowledge and Challenge the Unknown – will cause a continuing effort on the part of Framtidsfabriken to be a major player and driving force in development of the market.

Framtidsfabriken's stated objective is to achieve continuing strong growth with profitability. Growth will be achieved both organically and through acquisitions. Framtidsfabriken intends to grow internationally – in part in order to follow present Swedish multinational clients out in the global market and in part in order to compete for large international contracts, using the Company's established business concept: strategic partnerships. Another reason for the management's international expansion plans is the desire to utilise the businesslike qualities that companies have to develop in the competitive Nordic market as a tool for penetrating less developed markets.

With the pending stock exchange listing, Framtidsfabriken's shares will acquire a clear market value, making it easier to negotiate with acquisition candidates and joint-venture partners. The new issue of shares will provide the necessary financial strength for the planned growth. Framtidsfabriken will also gain additional credibility in its negotiations for large international contracts.





Client case

www.vattenfall.se

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• *Paradigm Shift*

- Agrarian Society
- Industrial Society
- Network Society

Swedish society is on the verge of one of the largest changes in its history. We are leaving the safe, ingrained, Industrial Society and venturing out into the unknown Network Society.

• *Moore's Law*

18 months
2 x CPU power
1 x cost

Every 18 months twice as much CPU capacity becomes available for the same cost. This condition has been true for over 20 years. This gives more for less and an exponential price/performance improvement.

• *Company Types*

- Respirators
- Hybrids
- Incubators

Today, we work with many of Sweden's largest companies, companies within established industries which exhibit shrinking margins. In the Respirator projects we help these companies to lower costs and create new revenues through Internet-based solutions. In the borderland between digital systems and physical products, Hybrids are created such as www.boxman.com, Europe's dominating CD e-tailer, which sells digitally and delivers physically. The new generation of companies – Incubators – will be completely digital and, therefore, without variable costs.

Market overview

The beginning of a new journey

The transition from an Agrarian Society, where more than one half of the population lived as farmers in rural areas, to an Industrial Society, where the majority of people became industrial workers in cities, was a dramatic revolution.

Today, changes of the same magnitude as the earlier transition from the farm to the factory is taking place: the journey into the "Network Society." The network is the model for organisation, thinking and communication that best describes the way the new society functions. Certain areas of today's society already function in accordance with the new system, but the majority of areas are still comprised of an industrial way of thinking and functioning. Technological conditions also play a vital role in the development of a Network Society.

Technological developments are the driving force behind the Network Society

In 1971, when Intel introduced its 4004 processor, there were few people who understood the extent of the consequences this would have on the future. Microprocessors, the expansion of the Internet and increased bandwidths are some of the factors that will be most important for the growth of a Network Society.

Less expensive electronics

Gordon Moore, the founder of Intel, made a number of classic predictions as early as the 1960s; "processor capacity will double every eighteen months while production costs will remain the same," became known as Moore's law. Since that prediction is still holding true after almost three decades and since prices have fallen, totally new areas of use have been found for microprocessors.

Electronics has changed the basis of communications. The network comes into being when people, organisations and things have an increasing need to communicate with each other.

A more useful network

Robert Metcalfe, the founder of 3Com Corporation, formulated an additional law for the Network Society, Metcalfe's Law: "The value of a network increases in proportion to the number of users squared".

The telephone and fax are good examples of how the value of the network increases along with the number of users. Since the telephone was put into use in the early 1900s, the value of having a telephone has increased dramatically, despite the fact that the basic function is unchanged. The increased value is explained by the growth of the network.

Another example of the usefulness of a network is that the value of a software program can be increased if it is given away free of charge at the time of introduction. The marginal cost for the duplication of digital products is more or less zero, and profits are instead created around complementary and value added services.

The constantly falling price of processor capacity has given rise to new conditions for communication, which has resulted in network effects and exponential growth of the total information flow. In turn, the increasing flow of information demands a more sophisticated infrastructure.

Increased bandwidth

An increase in the number of cars results in a demand for better roads. The same applies to electronic communication. The system of wires and cables, through which information is

In the Network Society a market that has not existed before awaits services that have not existed before.

transferred, creates an infrastructure for electronic communication. The system's capacity is called bandwidth. The more information that is to be transferred, the greater the need for a better infrastructure and larger bandwidth. Bandwidth not only affects the amount of information that can be transported but also the speed at which it is transferred. When speed is increased, the user experience is improved and new areas of use become possible. George Gilder, journalist for the magazine *Wired* and others, coined the third law of the Network Economy: "The bandwidth available at a given price triples every twelve months".

The development of technology such as that upon which the Internet is based, is one of the most important explanatory factors for the growth of the Network Society. Other strong, driving forces are globalisation, deregulation, open standards and the convergence of the media world.

Opportunities and threats in a Network Economy

The market in the Network Society functions in accordance with principles different from those that were applicable in the Industrial Society. In order to survive in the new economy, many companies and organisations will

need to carry out comprehensive changes in their structure and their method of functioning. This creates both opportunities and threats, which, for the company, are difficult to identify in advance.

The Internet becomes established

In 1999, the number of Internet users breaks through the 100 million mark. In addition to the increase in the number of users, Internet use among people already connected is increasing. Since the client base is so large, the volume and range of services is also increasing. The Internet is providing more and more functions in people's everyday lives. In the Network Economy a market awaits that has never existed before, and it is the opinion of the Board of Directors that there is a virtually unlimited potential in the coming years.

Increasing opportunities

Among organisations and companies, the growth of the Internet has primarily been in services aimed at a more efficient distribution of information both externally and internally. Public websites provide external marketing communication, and intranets can be used internally as information channels and for supporting administrative procedures. In recent years, companies have moved to-

It has been calculated that approximately 16 million U.S. households will use broadband technology by the year 2002.
(Source: Forrester Research, August 1998)

• Metcalfe's Law

The value of the network increases proportionally to the square of the number of nodes.

The number of communication nodes (terminals) determines the value of the network (the system). How amusing is it to own the world's first fax machine? If you call yourself, it is busy! The same machine today has a value that is created by the hundreds of thousands of other compatible fax machines. Every new fax machine increases the value of your old fax machine.

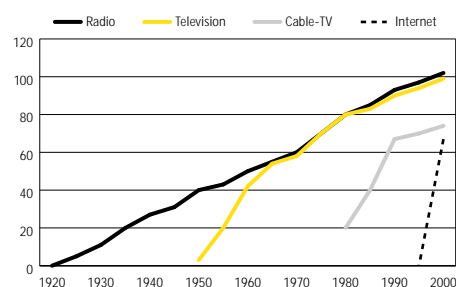
According to Sifo statistics, approximately 3.5 million Swedes had access to the Internet in April 1999. In April 1999 alone, approximately 83,000 new Swedish Internet users were registered.

(Source: Sifo report, April 1999; www.sifointeractive.com)

During April 1999, approximately 55.5 percent of Swedish Internet users used the Net daily.

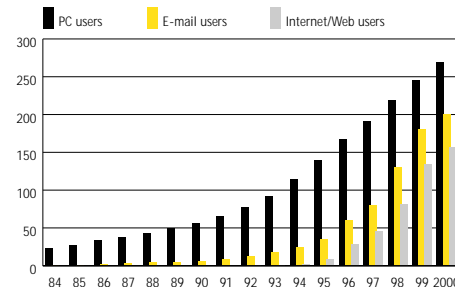
(Source: Sifo report, April 1999; www.sifointeractive.com)

Adaptation time for different media (millions of users in the U.S.)



(Source: Morgan Stanley Dean Witter Technology Research, September 1997.)

Growth in the number of Internet users (millions of users)



(Source: Morgan Stanley Dean Witter Technology Research, September 1997.)

The Internet has grown faster than any other information channel; for example, it has taken the Internet around 5 years to reach a level of 50 million users. In order to reach the same level of penetration, it took cable-TV 10 years, TV 13 years and radio 38 years.

(Source: Morgan Stanley Dean Witter Technology Research, December 1996.)

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Internet purchases accounted for USD 43 billion in 1998, and are expected to reach USD 1,300 billion in 2003, corresponding to an annual growth of approximately 95 percent.

(Source: Forrester Research, November 1998)

According to the International Data Corporation (IDC), the international market for services for the Internet is predicted to increase from USD 11.8 billion in 1999 to USD 43.6 billion in 2002, which will mean an annual growth of approximately 55 percent.

(Source: Techmall.com, February 1999)

The Internet market in Sweden, including new media, CD ROMs, and consulting services, was estimated at around SEK 7 billion in 1998. It was estimated that the one hundred largest Internet companies in Sweden had sales of approximately SEK 2 billion in 1998, corresponding to an increase of 100 per cent in comparison with 1997.

(Sources: Internetboken 1998, Veckans Affärer, September, 1998)

wards more complex Internet solutions that fulfil critical business functions. The most obvious examples are the various types of e-commerce services.

Further progress will mean that services will spread from personal computers to other terminals such as mobile telephones and laptop computers, and also evolve to be more personalised through target group segmentation. Few companies have reached this level, but the only thing lacking is courage and imagination, the technology already exists.

These three initial steps towards the new Network Economy should, if anything, be considered an indication of future opportunities. The market is continuing to become more efficient, old intermediaries are disappearing and new ones are taking their place, geographical boundaries mean less and less and intellectual capital is continuing to grow in importance. Most of the change has not occurred yet. It is certain that all areas of society will be affected.

Growth demands change

The Network Economy creates both opportunities and threats: Opportunities for companies and organisations that have the ability to change and adapt to new conditions. Threats to those who adopt a "wait and see" attitude. When the business conditions change, the wisest attitude is to proactively strive to change.

Time is, and will continue to be, the most precious resource in this process of change. As a consequence, it is expensive to explore all areas that lie outside your own core operations without assistance. The need for advisors who are well versed in the new economy and its underlying driving forces will, there-

fore, be essential in the foreseeable future.

The need for consultants is growing dramatically

In view of the revolutionary changes that have occurred, the demand for consulting services is expected to increase dramatically. IDC has predicted that the international market for professional services for the Internet will total approximately USD 44 billion in 2002, which corresponds to an average growth of around 55 percent annually between 1999 and 2002.

Growth pressure on Internet companies

The clients' increased knowledge about the Internet is fuelling the Internet service industry's growth and internationalisation. The clients' requirements are rising and they are demanding more complex Internet solutions that can do multiple tasks over larger geographic areas, which in turn lead to larger and more demanding projects. When the Internet projects reach the multinational level, Internet companies will also have to become international. In order to meet the increased demands and expectations from their clients, players in the industry must also show strong growth.

An Internet company with growth ambitions must be an attractive employer and, since skilled workers are drawn to the greatest challenges, must ensure that it has the most attractive clients and projects.

The necessary competence mix

Today, advanced consulting and development of Internet services require three basic skills: strategy and business development, communication and design, and technology

Time is and will be the scarce resource in this transition.

and hosting. All three areas of expertise are dependent on each other and must be represented in the work process to ensure that the end result is not seriously flawed. If an Internet service company is lacking in regard to strategy, it is not filling any useful function in the client's operations; if it is lacking from a communicative perspective it will not be used; and if it is lacking from a technological perspective it will not function at all.

Strategy and business development

Project and account management are included in the strategy area of expertise. Knowledge about the industry and understanding of the client's business are central skills.

Communication and design

These are the skills that ensure that the Internet solutions are used. Communication and design originates from the user's perspective and comprises, among others, concept developers, graphic designers, presentation programmers and copywriters.

Technology and hosting

The complex solutions that are demanded in the clients' business critical systems increase the demand for specialisation in a number of professional roles such as system architects, database specialists and system developers. These specialists have knowledge of new technology, systems integration and hosting and maintenance.

In the rapidly changing Network Economy, an advisor must possess all these skills. Strategies that are not based on technological possibilities and that are not founded on an understanding of the client's needs will be

impossible to implement. Since both technology and the market are changing rapidly, it is no longer possible to base new solutions on old experiences or market studies. A long-term, sustainable strategy that also functions after implementation requires an advisor who has a solid understanding of the latest technological developments and in the daily realities of the target group.

• *Open standards*

Open standards were the foundation of the successful expansion of the telephony network. This is the case in the world of high tech – all new terminals increasingly use the same language. This increases the value of all parts in the network. Standards become increasingly important, both open and proprietary. A non-compatible product or service has a much lower value.

The development of open standards is driven by clients and grass roots.

Betty Toth, Communication and Design



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Peter Settergren, Account Manager



Competition for personnel and clients

The growth pressure on Internet companies leads to considerable competition to attract the best employees. Market growth is turning qualified competence into a precious commodity that an employer not only has to attract, but must maintain and develop further. The ability to attract personnel is a vital success factor. This, in combination with the increased ambition of clients, has led to the industry finding itself in a consolidation phase. Many smaller players are merging with larger companies or forming alliances.

All in all, there is at least as much competition among Internet companies today for the best personnel as there is for the most attractive clients. The greatest challenge is to build an organisation that is sufficiently large and has a balanced competence mix. For those Internet companies that succeed at this, there is a fast growing market, which is large enough for everyone. However, due to the rapidly growing and undeveloped market for Internet services, this can change rapidly.

Suppliers of partial solutions

Competitors for both personnel and clients can be separated into two categories of companies: partial solution suppliers and total solution suppliers. The first category includes international management consultants such as McKinsey and Boston Consulting Group. Their strength is primarily an in-depth knowledge of the client's industry and areas of operation, although there is often a lack of experience in developing Internet related communication strategies and of internal implementation skills in the form of technological know-how.

Among Internet companies there is
at least as much competition for
the best personnel
as there is for the most attractive clients.

The other group of suppliers of partial solutions consists of the large international network of communications companies such as Omnicom and IPG. This group is characterised by strong creative and communication skills. However, these companies usually do not have enough in-depth corporate strategy skills and find it more difficult to attract and further develop in-depth technological competence.

The third group of partial solution suppliers is made up of traditional IT consultants such as WM-data, which possess qualified technical competence, and companies such as Cap Gemini and Andersen Consulting, who have assembled strategic skills and implementation capacity in the form of technological know-how under one roof. Traditional IT consultants often lack Internet related communicative competence.

It has been difficult for partial solution suppliers to complement their operations with outside competence. The difficulties that partial solution suppliers have in obtaining the necessary competence mix that is needed by total solution suppliers of Internet services can be said to be one of the reasons for the emergence of Internet companies. Framtidsfabriken is such a total solution supplier.

Suppliers of total solutions are consolidating

A few suppliers of total solutions have established themselves internationally. These include the Swedish company Icon Medialab, the German company Pixelpark and the American companies USWeb/CKS and Razorfish.

The Swedish Internet consulting industry is now in a consolidation phase. Framtidsfabriken, Computence/Coin and Tribal merged in early 1998. In the international market, the

Swedish company Spray merged with the American company Razorfish and USWeb merged with CKS. In April 1999, Framtidsfabriken merged with Netsolutions.

Summary: A bright future

The western world is moving towards the Network Society and the Network Economy. The comprehensive changes will mean both opportunities and threats, which all in all will lead to a larger need for qualified Internet consulting.

The transition to the Network Economy is technology driven and the rate of development is extremely high, which means that advisors must have daily contact with both the market and the latest technological developments so as not to run the risk of offering yesterday's solution.

Since the ambition level of both the market and clients is constantly on the rise, Internet companies must also grow. An international presence is required in order to assist international clients and this has led to a consolidation phase in the industry. Second to US companies, Nordic companies are considered to be the leading Internet consultancies in the world.

A supplier in the Internet industry, who wants to succeed, must possess leading edge, strategic, communicative and technological competences. This places great demands on Internet companies as employers. In addition, a working process that integrates all the skills within the company is required. The supplier of total solutions who can meet these demands is expected to have a very promising future.

• *The market explodes*

New technology enables new services. The services dominating the Internet today (www over narrow band connections) will be complemented by new ones via mobile and broadband connections.

This creates totally new degrees of freedom for content creators, both professional and non-profit. We shall be leading in new technologies – by rapidly exposing ourselves to changes we can be the first to learn and thereby retain an advantage in competence.

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Description of operations

Company history: key events

1995

- Framtidsfabriken is established by Jonas Birgersson President of the non-profit organisation SVEROK, which had been assigned to assist in developing key segments of Telia's "Passagen", Sweden's largest portal.
- Johan Wall and Martin Anderlind establish Netsolutions.

1996

- Framtidsfabriken becomes the main supplier of Internet services – first for Bilja and later for Volvo. Volvo C70 is launched on the Internet.
- Computence, headed by Peter Svanfeldt, launches the web agency Coin AB, one of the Swedish Postal Administration's most important development partners in constructing the Torget portal during 1996–1997.
- Netsolutions is awarded several significant contracts, for example, with Skandia and Avesta Sheffield.
- Sven Skarendahl is appointed Chairman of the Board of Netsolutions.

1997

- Ken Ceder and Mattias Söderhielm, founders of Telia's portal Passagen, become new partners in Framtidsfabriken and launch the company's Stockholm operations.
- Framtidsfabriken acquires the Internet consulting agency Rauer & Hammar.
- Framtidsfabriken develops Vattenfall's Internet strategy.
- Framtidsfabriken's new clients include Volvo Trucks and the SAAB Group.
- Coin creates Boxman's website.
- Netsolutions relocates to larger premises on Humlegårdsgatan in Stockholm.
- Netsolutions' new clients include Svenska Handelsbanken, Glaxo Wellcome and Dial Försäkring.



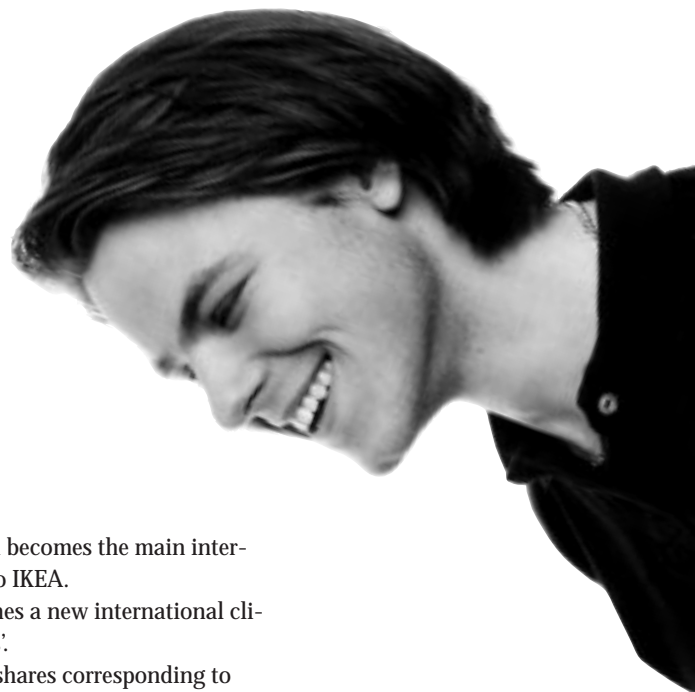
Johan Dewe, System Developer

1998

- In December 1997, Framtidsfabriken, Coin and Computence decide to merge, thereby creating one of the strongest Internet companies in the Nordic region.
- Framtidsfabriken acquires Tribal AB and is thereby established in Gothenburg.
- Framtidsfabriken receives the "Web Campaign of the Year" award for its Java-based Web advertising created for the Swedish Postal Administration website Torget. Swedish advertising magazine Resumé names the "Company Web Agency of the Year", and CEO, Jonas Birgersson, "Web Guru of the Year."
- Companies associated with the interest of Hans Rausing's family and the 6th AP Fund acquire shares corresponding to approximately 15 per cent and 6 per cent, respectively, of the share capital in Framtidsfabriken.
- Paul Saffo, technology forecaster at the Institute for the Future in Silicon Valley, becomes a member of the Board of Directors.
- Framtidsfabriken's new clients include Astra, Volvo Buses and Nike.
- Framtidsfabriken launches two of the largest industrial projects in Sweden – Volvo S80 and SAAB Gripen – on the Internet.
- Framtidsfabriken is established in Malmö at the end of the year, and Netsolutions sets up a second Stockholm office on Grev Turegatan.
- Netsolutions' CEO, Johan Wall, is awarded "Manager of the Year" by a Swedish management magazine.
- Netsolutions, the Finnish Internet company Satama Interactive and the Danish company Networkers form an alliance named Nordic NetPartners.
- Netsolutions' new clients include Skanska, Svenska Dagbladet, Autobytel, Robur and GE Capital.

1999

- Framtidsfabriken becomes the main international supplier to IKEA.
- Electrolux becomes a new international client of Netsolutions'.
- IKANO acquires shares corresponding to approximately 3 per cent of the share capital in Framtidsfabriken.
- Framtidsfabriken signs a three-year contract as main supplier to the SJ Cargo Group.
- 80 percent of the broadband company, Bredbandsbolaget, is divested.
- Framtidsfabriken and Netsolutions merge in April, thereby establishing one of the largest Internet consulting companies in Europe.
- Carl Wilhelm Ros, Senior Executive Vice President of Ericsson, is appointed Chairman of the Board of Framtidsfabriken.
- M.O.R., an interactive direct-marketing agency in Malmö, is acquired.
- Framtidsfabriken (Netsolutions) receives the Swedish "Guldklappan" award for its Autobytel website.
- The Company acquires Denmark's leading Internet consulting company, Networkers, whose clients, include Unibank, SCA, Tele Danmark, Tryg/Baltica and LEGO.
- A Letter of Intent is signed regarding the acquisition of London-based Internet consulting company Vivid Edge.
- CEO Jonas Birgersson is awarded "Young Outstanding Person of the Year" by the Swedish Junior Chamber of Commerce.



Daniel Emanuelsson,
Communication and Design

Anna Klang, Project Manager



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Agrarian Society

Industrial Society

Network Society



Our civilisation is facing a paradigm shift: from Industrial to Network society.

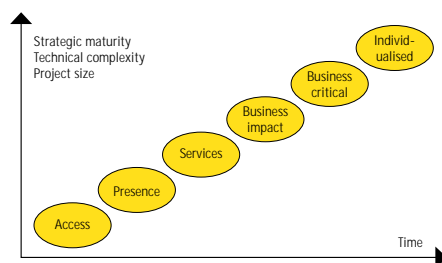
Mission

Framtidsfabriken's mission is to play an active part in the creation of the emerging Network Economy.

Framtidsfabriken aims to continually extend the possibilities on the Internet. Framtidsfabriken is convinced that society is on the threshold of a paradigm shift, which will be as significant as the transition from an Agrarian to an Industrial Society. The value chains will change and new opportunities will arise. The Company offers its clients full service consulting, strategy and service development for Internet and assists clients in establishing strong positions in the Network Society.

Business concept

To strengthen our clients' competitiveness and create new business opportunities with digital and interactive services, in the developing Network Economy.



Framtidsfabriken guides the client's development toward increasingly advanced and business critical solutions.

Vision

Framtidsfabriken's vision is to Acknowledge and Challenge the Unknown.

Strategy

Framtidsfabriken's strategy is to:

- Be a leading worldwide player in the Internet and broadband area.
- Establish an international presence and build a strong international brand name.
- Prioritise long-term relations with multinational clients.
- Make purposeful investments in new businesses, work methods and technologies, such as broadband technology.
- Invest in innovativeness and skills development for the Network Society.
- Combine skills in business strategy with communication, design and solid technical competence.
- Grow with profitability.
- Combine the advantages of the small and large company by creating a large organisation with many small offices – "cells".

Operations

Framtidsfabriken is an Internet consulting company that develops total solutions for its clients. All development takes place in client projects. The expertise and innovativeness of the project members, coupled with work methodology and project management comprise the foundation of Framtidsfabriken's production. Intranet, extranet and public Internet solutions that are well integrated with the client's business operations are examples of applications developed by Framtidsfabriken.

The vision is to be a leading worldwide player within the Internet and broadband area.

Clients

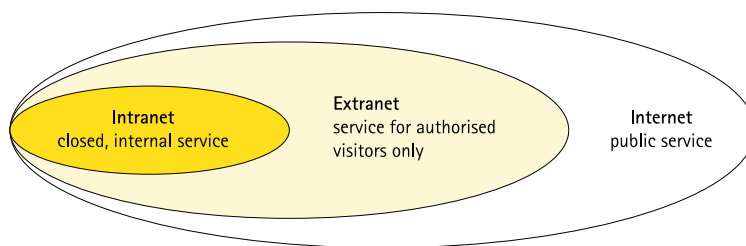
The Company aims to forge long-term strategic relationships with its clients. The table presents a selection of Framtidsfabriken's clients.

Framtidsfabriken promotes the exchange of Network Economy experiences between clients and plays an active part as catalyst. Several clients use Framtidsfabriken's proprietary concepts for web infrastructure (CMT) and organisation (inter-functional virtual Internet team). Component development enables reuse of technical solutions resulting in shorter development time and higher client value.

Framtidsfabriken's size combined with its mode of operating with several independent offices, increase future possibilities to have parallel clients from the same industry and maintain credibility.

Pricing

Framtidsfabriken's long-term relationships with major clients have resulted in co-operation and framework agreements with payment for subprojects during the period. The Company applies a pricing model mixing flat rate and current account invoicing. In addition, the Company receives rental and accrued revenue for operating services. The basic principle is always to charge based on client value and not on production cost.



Examples of applications developed by Framtidsfabriken.

AstraZeneca (under development)	Handelsbanken (www.handelsbanken.se)	Enskilda Securities (www.enskilda.se)
Autobytel (www.autobytel.se)	IKEA (under development)	Skanska (Intranet)
Avesta Sheffield (www.avestasheffield.com)	Industrivården (www.industrivarden.se)	Svenska Dagbladet (www.svd.se)
Banco Fonder (www.banco.se)	KPA (www.kpa.se)	Tele Danmark (www.teledanmark.dk)
Billia (www.billia.se)	Perstorp (www.perstorp.se)	Tele2 (e-commerce system)
Boxman (www.boxman.com)	Posten/Torget (selected parts)	Vattenfall (www.vattenfall.se)
Dial (www.dial.se)	Resonia (www.resonia.se)	Volvo AB (www.volvo.com under development) (www.truck.volvo.se) (www.bus.volvo.se)
Electrolux (under development)	Robur (www.robur.se)	
Expressen (www.expressen.se)	Saab-gruppen (www.saab.se)	Volvo Car Corporation (www.car.volvo.se)
GE Capital (www.gecapitalbank.se)	SCA Mölnlycke (www.libresse.dk)	
Glaxo Wellcome (www.glaxowellcome.se)	SEB/Trygg-Hansa (Hosting and maintenance)	

Examples of clients with websites developed by Framtidsfabriken.



Client case

www.electrolux.se

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• Volvo Car Corporation

"The company with the most successful global Internet strategy is Volvo" – Forrester Research, January 1999

One of Europe's most advanced and most exciting accounts for Internet service companies. Multiple prize-winner internationally. Framtidsfabriken is the main supplier and co-ordinator of VCC's some 40 website projects world-wide.



Examples of client cases

Volvo Car Corporation (Ford Motor Company)

For three years, Framtidsfabriken has been the general Internet supplier to Volvo Car Corporation ("VCC"). This undertaking includes everything from strategy development based on VCC's new threats and opportunities created by the Internet, to implementing technology and business processes in the organisation. Framtidsfabriken has helped VCC to implement global Web presence involving locally adapted websites in every country and has also helped VCC to launch several new Volvo car models on the Internet, of which the Volvo S80 is the latest.

An interesting project is the e-commerce service, where VCC recently launched a new concept where both individuals and corporate customers can specify and order a car by Internet. This service has so far been launched in Belgium and Sweden, and it was selected the "Best Car Service" in Europe by the French industry analyst A-Media.

Slightly over a year ago, the Volvo website was ranked the "Best Manufacturing Industry Website" in the World by The Magazine Information Strategy.

Vattenfall

Since 1997, Framtidsfabriken has been the international main supplier of Internet-related services to the Vattenfall Group. In the future, Vattenfall's investments will become larger and increasingly critical to its business.

On the Vattenfall website developed by Framtidsfabriken, Vattenfall clients can now subscribe for electrical-power service.

Electrolux

Framtidsfabriken (Netsolutions) is the main supplier of Electrolux's global technical platform for the Internet. Currently a system that includes support for the creation, administration and translation of websites for several Electrolux brand names is developed. In addition, an interactive Web manual to support Electrolux's foreign suppliers of Internet services has been developed.

GE Capital ("GE")

In 1998, Framtidsfabriken (Netsolutions) was appointed GE's Nordic Internet partner contracted to develop a new technical platform for the Group's Internet banking services, etc. A strong partnership has developed with GE, which in the past year has resulted in 12 Internet services in the Nordic region within sales finance, sale support and credit. The partnership includes e.g. strategic advice, development, implementation and operation of websites, as well as training of employees and co-operation partners.

GE's Nordic Internet projects have attracted international attention.

Svenska Dagbladet

Daily newspapers are presently on the threshold of a radical industry transition, where the possibilities of new digital media are changing existing working methods and business concepts. Since autumn 1997, Framtidsfabriken (Netsolutions) has worked together with Svenska Dagbladet's management and journalists on the company's public Web service, which for example has resulted in a new website, www.svd.se.

The “Best Manufacturing Industry Website” in the World.

Expressen

For Expressen, Framtidsfabriken has produced a platform for Internet publishing. The system focuses on news publishing with support for illustrations, links, page layout and articles. Apart from publication on Expressen's website, the system also handles news broadcasting via laptops and, as the first newspaper in the Nordic region, also via mobile phones via WAP.

The Volvo Group

Framtidsfabriken is the main supplier of all categories of Internet-related services to several subsidiaries within the Volvo Group. The undertaking includes strategy and concept development and website production, as well as the development, operation and maintenance of the technical platform. Individual contracts involve the development and implementation of systems for global Internet presence for the subsidiaries Volvo Trucks and Volvo Buses, as well as managing the Group's brand name on the Internet for the parent company, AB Volvo.



Terace Jason, Communication and Design

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• Cells

Through several small units we build smallness and large scale in the same organisation.

Every unit must possess three basic skills: Strategy, Communication and Design and Technology.

In some of our units we also have expertise functions for the whole company.

It is in the daily contact between different skills, cultures, consultants and clients that innovation is created.

Organisation

Framtidsfabriken has opted to build “cells”, i.e. independent operational offices at various geographic locations. A cell – i.e. a local office – should not exceed 50 employees. This allows a combination of the organisational advantages of the small business and the large corporation, while permitting proximity to the clients.

The Company currently has eight offices in southern and central Sweden, as well as subsidiaries in London and Copenhagen. The decentralised organisation with small independent cells provides stability in rapid growth.

The figure below illustrates the management organisation of Framtidsfabriken.

Small company

Flexibility
Innovation
Creativity
Proximity to the individual
Proximity to the client
Rapid decision making

Large company

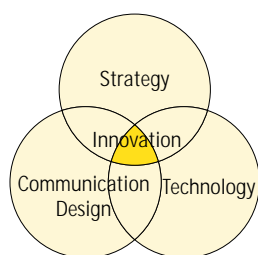
Client base
Geographic coverage
Concept development
Economies of scale
Brand name
Financial strength
International expansion

Sales

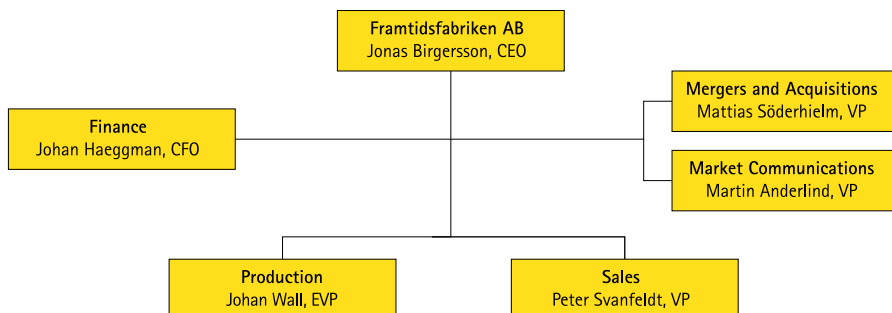
Sales can be divided into new sales and additional sales to existing clients. Framtidsfabriken’s account managers identify and develop new Internet-based business opportunities as part of client relations.

Production

Each independently operated local office has a plant manager responsible for human resources, production and profitability. All areas of expertise – *Strategy, Communication and Design, and Technology* – are represented at each office.



Innovation is created at the intersection of Strategy, Technology and Communication and Design.



The development teams include **three skills –**
each essential to developing **advanced**
business-supporting **Internet solutions**: Strategy,
Communication and Design, and Technology.

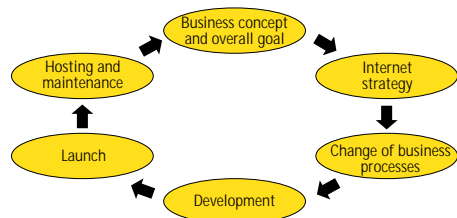
Areas of expertise

Led by experienced project managers, Framtidsfabriken's development teams can efficiently utilise the specialist skills of individual employees. The development teams include three skills – each essential to developing advanced business-supporting Internet solutions: *Strategy*, *Communication and Design*, and *Technology*.

Strategy

The *Strategy* area of expertise includes strategy, business and concept development, research and industrial analysis, project and production management, and account management. Business and concept development form the basis for the continued project work in all Framtidsfabriken projects. Concepts of how the client might increase revenue and decrease costs, assisted by the Internet, are presented.

The initial assignment is usually to develop an Internet strategy. A vision is formulated and potential future business opportunities are outlined. Moreover, demands that future Internet investments would place on the client organisation and infrastructure are analysed. Finally, a prioritised action plan is established.



Framtidsfabriken is a supplier of total solutions and a partner in all phases of an Internet project.

Communication and Design

This area of expertise focuses on the design and layout of websites and other digital communication solutions.

Communication and Design are characterised by the broad knowledge base representing several disciplines: graphic designers, behavioural psychologists, copywriters, information architects, interface developers, presentation programmers, etc. Together, they ensure that Framtidsfabriken's productions represent the state of the art in communication, design and user-friendliness.

Technology

The Technology area of expertise includes application development, system integration, infrastructure and hosting. Highly developed skills in all of these areas are required for building the complex solutions demanded in business critical systems. In this area, the increasing specialisation is particularly apparent, with a growing number of professional categories such as system developers, database specialists, data communications specialists and system architects. The Technology area of expertise is responsible for the further development of the Content Management Tool (CMT), (see below) – an important platform for Framtidsfabriken's development of new websites.

Technology is also responsible for the clients' external website hosting.

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Amanuel Workneh,
Programmer, Technology



Structural capital

One of the most obvious consequences of the emerging Network Economy is the continually increasing pace, leading to smaller windows of opportunity and shorter life-cycles for new products and services.

This increases demands on productivity in producing and developing Web services. Framtidsfabriken has developed concepts for Web infrastructure and organisation.

Content Management Tool (CMT)

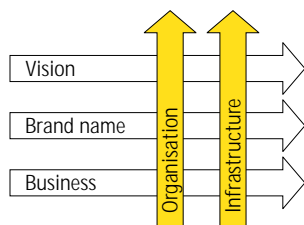
Changing website content has so far usually been a time-consuming and expensive process. The CMT developed by Framtidsfabriken and its accessory system platform provide the client's with the following competitive advantages:

- Shorter time to market for new Web services, such as product launches on the Internet.
- Flexibility and timeliness regarding changes or additions to existing websites.
- Rapid implementation of services in new markets requiring linguistic and cultural adaptation.
- Central control of a global service demanding a common image and unified brand name.
- Cost-efficiency, by using centrally developed modules globally at many websites.

Without **clear** divisions of **roles** **and responsibilities** even the best vision will collapse.

Web Information Management Teams (WIM)

It is essential that the client's organisation includes people designated to receive Framtidsfabriken's solutions. Without clear divisions of roles and responsibilities even the best vision will collapse. Framtidsfabriken actively creates a virtual organisation (interfunctional virtual Internet teams) within the client's existing structure – WIM Teams. Simultaneously, the infrastructure is established consisting of routines for handling information, tools for updating and brand name management on the Internet.



Framtidsfabriken creates Internet strategies in co-operation with its clients. The strategy drives the development of vision, brand name and business, based on the necessary infrastructure and organisation.

Project websites

Framtidsfabriken employs joint project websites to enhance efficiency internally, and in co-operation with clients. A project website is a website to which all project members, from both Framtidsfabriken and the client,

have access to the Internet. Project co-ordination and documentation related to the project is collected in one place. A common storage site enhances communication in the project, and drastically reduces the need to distribute work materials to project members by diskette, fax or e-mail. Project websites are particularly useful in global projects where project members are geographically dispersed. After project launch, the website provides complete documentation of the completed project.

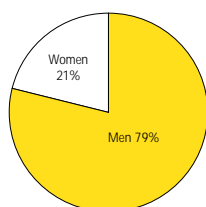
Knowledge management

Efficient management of knowledge is one of the most important success factors for expanding knowledge-based companies. Today's rapid technological development changes business conditions continually. Efficient filing and distribution of information on completed projects require more than technical facilities. Methods and routines for efficient information management are also necessary. Framtidsfabriken always uses knowledge management to develop the structural capital and create conditions for efficient use of accumulated knowledge.

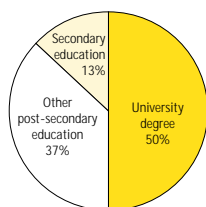
Jennie Ledin, Receptionist



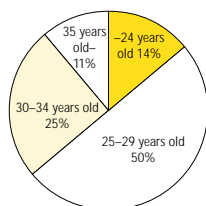
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Breakdown by gender as of April 30, 1999 (pro forma)



Breakdown by level of education as of April 30, 1999 (pro forma)



Breakdown by age as of April 30, 1999 (pro forma)

Human capital

Framtidsfabriken is a knowledge-based company and its most important asset is its employees and the new services they develop. To create a successful working environment of strategic, creative and technical stature, it is important that Framtidsfabriken can inspire and motivate all its employees. Prioritising internal recruiting of new project managers, account managers, branch managers, etc., ensures that corporate culture and values are maintained even with rapid expansion.

To create further involvement, the employees have been offered to acquire warrants or shares, to enable personnel to take part of Framtidsfabriken's value growth. Prior to this Offer, but after full dilution, employees own 54.1 per cent of the share capital in Framtidsfabriken, see page 45.

In addition, the Company maintains an employee bonus program.

In connection with the merger with Netsolutions, some twenty key personnel in Framtidsfabriken and Netsolutions, including the whole management team, have undertaken to remain as employees for at least 18 to 24 months.

Skills development

All capital requires management to prevent loss of value – structures and personnel expertise alike must be constantly developed. An important objective in developing the structural capital is to create incentives that contribute to the development of the human capital. For example, Framtidsfabriken runs programs to ensure that employee skills are developed.

In addition, seminars within the framework of the Company's internal-training program are arranged together with external organizers. Leadership, advanced new technologies and basic service-mindedness are examples of topics covered. All new employees participate in an introductory program intended to introduce the individual to the corporate culture and to some employees, and to create a knowledge platform and a basic understanding of the operations.

At year-end 1998 (pro forma), Framtidsfabriken had 286 employees, while at the same point in 1997 (pro forma), the Company had 133 employees. As of December 31, 1998 (pro forma), 87 per cent of the employees had university education, or the equivalent. At the same point in time the proportion of women amounted to 21 per cent and the average age of personnel was 29 years. In 1998 (pro forma) personnel turnover was 15 per cent. Average sales per employee amounted to MSEK 0.9 during 1998 (pro forma).

Recruitment

Due to Framtidsfabriken's intensive growth, the number of new recruitments will continue to be high over the next few years. During the first four months of 1999, 40 new employees were recruited.

As of April 31, 1999 (pro forma) the number of employees amounted to 326.

Interest in working for Framtidsfabriken is very strong. Recruitment is conducted primarily from a large number of unsolicited applications and recommendations from employees.

Bredbandsbolaget

is an Incubator project that has developed
far enough to **stand-alone**.

Investments in new ideas

As previously mentioned, one of Framtidsfabriken's strategies is to contribute actively to developing new network-related business projects – "Incubator projects." After the initial development and verification of the business concept, the intention is to sell the new operations, or parts thereof, for further commercialisation.

The first example of this is the business operations initiated and conducted as Bredbandsbolaget (the broadband company). Bredbandsbolaget will provide low-priced broadband connection for residential apartments. The project, an infrastructure project, will require major investments, and has therefore been placed outside Framtidsfabriken's core operations.

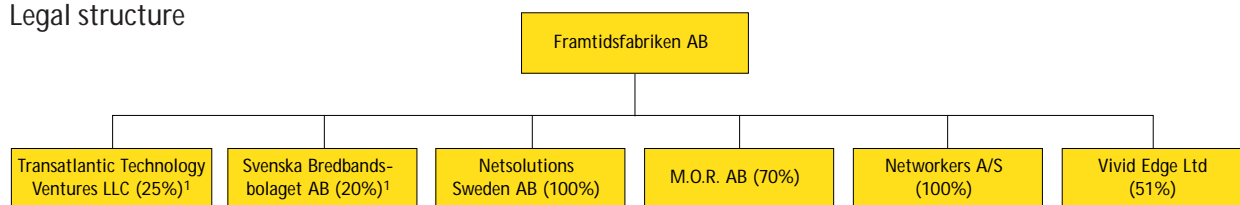
Framtidsfabriken today owns 20 per cent of Bredbandsbolaget. The long-term holding will be diluted when the capitalisation of the operation in Bredbandsbolaget is completed. In the future Framtidsfabriken will identify and invest in new Incubator projects.

Conclusion

Framtidsfabriken has identified the following competitive advantages:

- New ideas regarding capitalising on the emerging Network Society.
- Innovative capacity; testing and investing in new technologies and applications.
- Proximity to the client, and a very decentralised organisation.
- A full-service supplier with a broad range of expertise.
- Long-term relationships with major clients.
- Flexibility; strong concepts and reusable methods and systems for example CMT.
- Committed employees.
- Strong corporate culture and brand name.

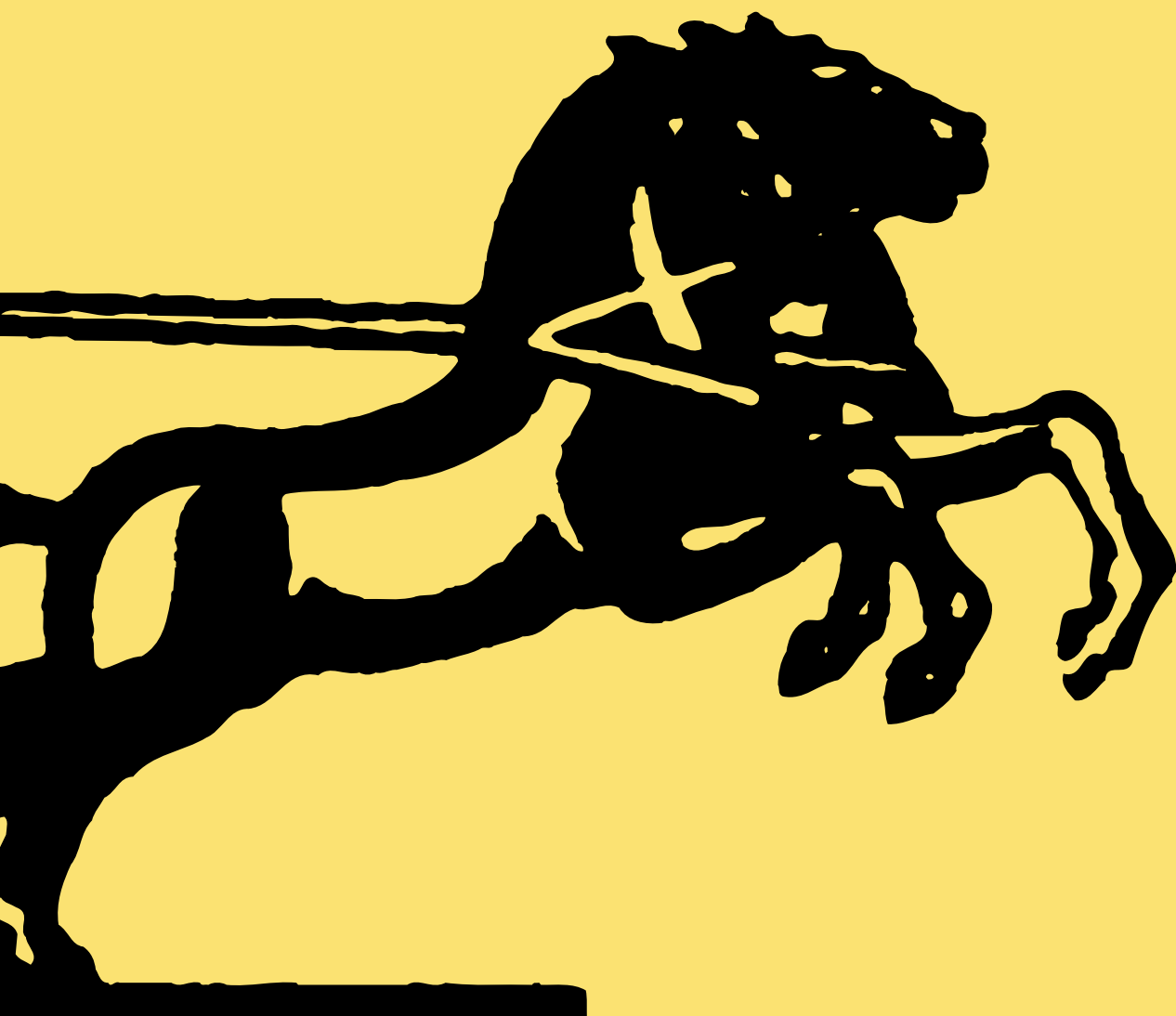
Legal structure



Dormant subsidiaries: Framfab Management AB, Rauer & Hammar AB, Computence AB, COIN Commerce on Internet AB, Tribal Media AB.

¹ Ownership is expected to be less than 20 per cent of the share capital after the completion of the ongoing capitalisations, see also page 19.





Client case

www.svd.se

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Share capital and ownership structure

The share capital in Framtidsfabriken, prior to the pending new issue, amounts to SEK 8,442,741, distributed among 10,553,426 shares, each with a par value of SEK 0.80. All shares entail to the same rights to share in Framtidsfabriken's assets and profits. Each share carries one vote.

Through the pending new issue of 1,500,000 shares, the share capital will increase by SEK 1,200,000 to SEK 9,642,741, distributed among 12,053,426 shares. If the over-allotment option, of up to 500,000 shares, is exercised in full, the Company's share capital will increase by an additional SEK 400,000 to SEK 10,042,741. At the Annual General Meeting on April 8, 1999, the decision was taken to authorise the Board, on one or more occasions, without shareholders' preferential rights, to issue a maximum of 1,500,000 shares in conjunction with company acquisitions, of which 1,009,958 shares had been issued as of May 12, 1999.

Share capital development

Year	Transaction	Change in number of shares	Increase in share capital, SEK	Total number of shares	Total share capital, SEK	Nominal amount, SEK
1998	Company formed	10,000,000	100,000	10,000,000	100,000	0.01
1998	Non-cash issue ¹	1,913,562	19,136	11,913,562	119,136	0.01
1998	Directed issue ²	2,100,000	21,000	14,013,562	140,136	0.01
1999	Bonus issue	–	5,465,289	14,013,562	5,605,425	0.40
1999	Consolidation of shares 1:2	–7,006,781	–	7,006,781	5,605,425	0.80
1999	Non-cash issue ³	2,536,687	2,029,350	9,543,468	7,634,775	0.80
1999	Non-cash issue ⁴	109,958	87,966	9,653,426	7,722,741	0.80
1999	Non-cash issue ⁵	900,000	720,000	10,553,426	8,442,741	0.80
1999	Pending new issue	1,500,000	1,200,000	12,053,426	9,642,741	0.80

¹ Non-cash issue to Computence Intressenter AB in conjunction with the acquisition of Computence AB.

² Directed issue to companies associated with the interest of Hans Rausing's family.

³ Non-cash issue to Netsolutions' shareholders in conjunction with the acquisition of Netsolutions.

⁴ Non-cash issue to the shareholders of M.O.R. in conjunction with the acquisition of 70% of the shares in M.O.R.

⁵ Non-cash issue to The Interactive Partnership in conjunction with the acquisition of the shares in Networkers.

Ownership structure

The table below shows the ownership structure in Framtidsfabriken prior to the Offer and before full dilution:

Owner	Number of shares	Percentage share of capital and voting rights
Companies associated with the interest of Hans Rausing's family	1,050,000	9.9%
Jonas Birgersson	1,040,854	9.9%
Johan Wall	1,033,140	9.8%
The Interactive Partnership	900,000	8.5%
Computence Intressenter	846,533	8.0%
Ken Ceder	787,991	7.5%
Mattias Söderhielm	758,581	7.2%
Peter Svanfeldt	619,263	5.9%
Martin Anderlind	392,620	3.7%
National Pension Savings Fund, 6th	370,371	3.5%
Jim Prescott	224,363	2.1%
IKANO	214,371	2.0%
Sven Skarendahl	205,422	1.9%
Others	2,109,917	20.0%
Total	10,553,426	100.0 %

The table below shows the ownership structure in Framtidsfabriken after the Offer and before full dilution, assuming that the Offer is fully subscribed, and that the over-allotment option is exercised in full:

<i>Owner</i>	<i>Number of shares</i>	<i>Percentage share of capital and voting rights</i>
Companies associated with the interest of Hans Rausing's family	1,050,000	8.4%
The Interactive Partnership	855,000	6.8%
Jonas Birgersson	832,683	6.6%
Johan Wall	826,512	6.6%
Computence Intressenter	677,226	5.4%
Mattias Söderhielm	564,384	4.5%
Ken Ceder	539,000	4.3%
Peter Svanfeldt	460,732	3.7%
National Pension Savings Fund, 6th Board	370,371	3.0%
Martin Anderlind	314,096	2.5%
IKANO	214,371	1.7%
Sven Skarendahl	164,338	1.3%
Jim Prescott	157,054	1.3%
Others	2,030,036	16.2%
New investors	3,497,623	27.9%
<i>Total</i>	<i>12,553,426</i>	<i>100.0 %</i>

Commitment

The Main Shareholders, who are named in Note 3 on page 1 and who, assuming full subscription to the Offering, and the exercise of the over-allotment in full, will own shares representing an approximate total of 45.5 per cent of the shares and voting rights in Framtidsfabriken, intend to remain substantial shareholders in the long term. The Main Shareholders and another 14 major shareholders, with holdings of more than 0.5% of the shares in Framtidsfabriken, have agreed, during a period of twelve months from the first day of listing of the Framtidsfabriken's shares on the Stockholm Stock Exchange, not to transfer shares in the Company without prior written approval from Enskilda Securities, see page 47.

Incentive program

In 1998, Framtidsfabriken issued a loan of SEK 160,000 (which has been repaid) with a total of 1,600,000 detachable warrants, with rights to subscribe for 800,000 shares in the Company, to one of Framtidsfabriken's wholly-owned subsidiaries with the intention of further sale, under market conditions, to Framtidsfabriken personnel and other persons designated by the Board of Framtidsfabriken. The subscription to

new shares is at a price of SEK 80 per share and two warrants are required to purchase one share¹. The subscription for new shares can take place from September 1, 1999, until August 31, 2001. As of April 30, 1999, the number of warrants held by employees amounted to approximately 1.4 million, carrying rights to subscribe for approximately 700,000 shares, which at full subscription would correspond to a dilution of approximately 5 per cent of the shares and voting rights assuming that the offer is fully subscribed, and that the over-allotment option is exercised in full.

New issue authorisation

At the Annual General Meeting of Framtidsfabriken on April 8, 1999, the Board was authorised, on one or more occasions, without preferential rights to the shareholders, in addition to the new issue in this Offering, through to the next Annual General Meeting, to make further new issues of a maximum of 1,500,000 shares in conjunction with company acquisitions.

This authorisation has partly been used in the acquisition of M.O.R. and Networkers, following which authorisation for 490,042 shares remains.

¹ Conditions are adjusted after the consolidation of shares (1:2).

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Additional information

Significant agreements

Framtidsfabriken is not dependent on any individual agreements. Nor is there any other agreement that is of significance for the Company's earnings or financial position. As stated on page 16, the largest client accounted for 22 per cent of sales in 1998 (pro forma) and the five largest clients for 46 per cent of sales in 1998 (pro forma).

The capital adequacy guarantee in respect of Bredbandsbolaget AB which has been executed by Framtidsfabriken AB, see page 61, was withdrawn as of May 11, 1999.

Transactions with associates

No Board Member or senior executive has or has had direct or indirect participation in any business transactions with the Company, unusual in its character or regarding terms and conditions, which in any way remain unsettled or incomplete. The Board's former chairman invoiced Framtidsfabriken as agreed, for consultancy work carried out in 1998. This work was terminated at December 31, 1998. The Board's current Chairman may also invoice Framtidsfabriken for any possible consultancy work. The Company has not granted loans, issued guarantees or entered into guarantee commitments for or to the advantage of any of the members of the Board of Directors or senior executives of Framtidsfabriken.

Disputes

Framtidsfabriken is not involved in and nor has the Company had knowledge of any legal proceeding, which has, or may be expected to have, major significance for the Company or its operations.



Jonas Bergenudd, Project Manager

Insurance matters

The Board's assessment is that Framtidsfabriken has satisfactory insurance protection with regard to the risks arising from the operations. No part of the operations is considered to be of a nature that insurance protection cannot be obtained on reasonable terms.

Agreement on the sale of shares

In conjunction with the sale of existing shares and a new issue to the capital market, the practice is that the sellers of shares and the Company issuing the shares, and which is affected by the sale, reach an agreement regarding the conditions for the sale and the new issue with the issuing institution, which is responsible for placement of the shares. The Company and the Main Shareholders intend, on or about June 11, 1999, to reach such an agreement with Enskilda Securities. Below is a brief description of the main conditions, which are intended to be included in the agreement ("The Placement Agreement").

In the Placement Agreement, Enskilda Securities will agree to, under certain conditions, procure buyers for 2,997,623 shares in accordance with the Offer.

The Placement Agreement will be conditional upon certain circumstances, such as that listing on the Stockholm Stock Exchange is granted, that important conditions relating to the Company do not change, and that the

Main Shareholders or the Company do not breach the Placement Agreement.

The Main Shareholders and certain major shareholders have agreed not to sell shares or corresponding securities in the Company during a twelve-month period from the first day of listing of the Company's shares on the O-list of the Stockholm Stock Exchange, without the permission of Enskilda Securities.

Pablo Garay,
Communication and Design



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Risk factors

All business operations and ownership of shares involve an element of risk and, in this respect, Framtidsfabriken is no exception. Prior to the pending Offer and market listing, potential investors are therefore urged to, in addition to the other information in this prospectus, give special consideration to the risk factors outlined below. The risk factors below are not ranked in order of priority and no claim is made that the presentation covers all risks or threats.

Uncertainty attributable to brief history of operations and significant company acquisitions

Framtidsfabriken was formed in 1995. Since then, the Group structure has changed considerably, primarily because several companies in the same industry have been acquired since the foundation of the Company, with a number of acquisitions taking place during spring 1999. This means that there is a lack of history of comparable operations. Framtidsfabriken's operations may also be negatively affected by the pending integration efforts. Investors are therefore urged to assess Framtidsfabriken's financial and operating risks, costs and difficulties in the same way as for a relatively new company.

Rules, brand names and product responsibility, etc.

The Board believes that Framtidsfabriken fulfils the current rules and regulations and holds the required authorisation with regard to its operations.

Framtidsfabriken holds brand names and domain names pertaining to operations and intends to protect these in the future, as well as register more brand names as the need arises.

Framtidsfabriken strives to restrict its liability toward clients and others by including limited liability in client agreements.

No guarantee can be given that the Company can maintain its authorisations in full, protect its brand names and domain names, or restrict its liability toward clients and others.

Dependency on major clients

Framtidsfabriken assesses that it is not dependent on one single major client. The reason is that the demand for the services offered by Framtidsfabriken is assessed to be large enough that any lost client could be replaced without great difficulty. The fact cannot be ignored, however, that dependency on certain individual clients may increase.

Technical development

Developments in the Internet sector are to a large extent technology-driven. Framtidsfabriken is, therefore, largely dependent on its ability to remain at the cutting edge of technological development.

Competition

It is the Board's assessment that Framtidsfabriken, as a supplier of total solutions, currently has the lead over many competitors regarding Internet-related services. However, no guarantee can be given that the competition will not increase or that the Company will be able to retain its lead.

Dependence on key personnel and recruitment of expert personnel

Framtidsfabriken's operations have grown and have thus changed considerably in recent years. The current management's commitment and expertise have, until now, represented a precondition for the strong development. It is considered that personnel with particular importance in this process are Jonas Birgersson and Johan Wall (the Company's CEO and Executive VP, respectively, two of the Main Shareholders) and other senior executives.

The strong development in the Internet area in recent years has meant an increase in the competition to win qualified personnel. It is, therefore, of considerable significance that Framtidsfabriken is able to create a work environment in which personnel can develop and have a strong sense of commitment to Framtidsfabriken's operations. Framtidsfabriken strives to reduce dependency on key personnel through internal training, active recruit-

ment policy and knowledge management that aims at developing Framtidsfabriken's structural capital and enables know-how to be used efficiently (see page 39).

The incentive program is aimed at retaining current key personnel and attracting new personnel, see page 45. In connection with the merger with Netsolutions, some twenty key personnel in Framtidsfabriken and Netsolutions, including the whole management team, have undertaken to remain as employees for at least 18 to 24 months.

Key personnel at Framtidsfabriken receive market-level remuneration and the ambition is to become a highly attractive employer for Internet specialists.

Although Framtidsfabriken has so far been successful in its recruitment of qualified employees, no guarantee can be given that the Company will continue to succeed in attracting and retaining employees, which is one of the preconditions for the continued positive development.

Expansion through company acquisitions

A major share of Framtidsfabriken's future growth is expected to be generated through the acquisition of companies, in Sweden as well as abroad. This acquisition and expansion strategy involves Framtidsfabriken taking risks.

It is the Board's opinion that, based on previous experience, favourable conditions for continued successful expansion have been created. Future company acquisitions may be effected through directed new share issues or cash payments.

Economic climate

Framtidsfabriken's development is dependent on factors outside its control, such as the general economic climate, the market conditions for the clients and the availability of competing products. The factors named here may affect the future development.

The economic climate affects the willingness to invest in the business world. The clients' investments in the Internet are aimed at reducing costs and/or increasing revenue and are therefore prioritised. The major part of the Company's clients are large international companies from a variety of

sectors, which reduces dependency on individual clients and on the economic situation in any one industry or geographic market.

Share price trend

Prior to the pending new issue and the broadening of ownership in Framtidsfabriken, there has been no public market for shares in Framtidsfabriken. Even if the Company's shares are listed on the O-List of the Stockholm Stock Exchange, there is no guarantee that active trading will be generated following the listing.

Year 2000

Problems associated with the transition to the year 2000 and EMU are often presented as short-term driving forces for the IT consultancy market in general. Certain conventional IT consultants have reported a slowdown in the increase in orders, which could be considered to be a consequence of clients' unwillingness to implement system changes prior to the new millennium. To the extent that this is true, only existing systems are included, "legacy systems." The significance of this for the growth of Internet consultants generally and the growth of Framtidsfabriken in particular is marginal. The demand for strategic Internet services is not considered to have been boosted by anticipated systems problems in conjunction with the new millennium, but by the ongoing thorough change in behaviour and needs within companies and by Internet users, which will continue into the next millennium.

Within Framtidsfabriken, measures are being taken to secure the operation of client applications and internal systems during the millennium change. No guarantees can be given that costs or disturbances to Framtidsfabriken will not be incurred as a result of the new millennium.



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Board of Directors, senior executives and auditors

Board of Directors

Carl Wilhelm Ros

Born 1941.

Chairman.

Senior Executive Vice President of Ericsson.
Board member since 1999.

Other Board positions: Atle,
Dahl International, NCC, LKAB,
Fourth AP Fund, SEB, VLT AB.

Number of shares in the Company
after the Offering: 0.

Number of warrants in the Company: 50,000.

Jonas Birgersson

Born 1971.

CEO of the Company since 1995.
Board member since 1995.

Chairman of the Board of Directors
of Svenska Bredbandsaktiebolaget.

Number of shares in the Company
after the Offering: 832,683.

Number of warrants in the Company: 0.

Ken Ceder

Born 1960.

Co-founder of Sweden's largest portal –
Telia's Passagen.

Board member since 1997.

Number of shares in the Company
after the Offering: 539,000.

Number of warrants in the Company: 0.

Paul L. Saffo III

Born 1956.

Board member since 1998.

Other Board positions: Institute For the
Future, Silicon Valley.

Number of shares in the Company
after the Offering: 6,647.

Number of warrants in the Company: 50,000.

Sven Skarendahl

Born 1943.

Board member since 1999.

Other Board positions: Senior Vice President,
Intermec Technologies Corporation.

Chairman of the Board of Netsolutions
since 1996.

Number of shares in the Company
after the Offering: 164,338.

Number of warrants in the Company: 0.

Bertil Villard

Born 1952.

Board member since 1999.

Lawyer, Vinge.

Other Board positions:

Chairman of the Board of SEB
Gamla Trygg Liv, Geab and Novestra AB.

Number of shares in the Company
after the Offering: 0.

Number of warrants in the Company: 20,000.

Johan Wall

Born 1964.

Board member since 1999.

Executive Vice President.

Other Board positions: Member of
the Board of Netsolutions since 1995.

Board member of Beijer Alma.

Number of shares in the Company
after the Offering: 826,512.

Number of warrants in the Company: 0.

Senior executives

Jonas Birgersson

CEO since 1995.

See "Board of Directors" above.

Martin Anderlind

VP, Market Communications.

Born 1968.

Master of Science in Business Administration.

Former Director Language Camps and Discover America Tours, EF Education.

Co-founder of Netsolutions (1995).

Number of shares in the Company after the Offering: 314,096.

Number of warrants in the Company: 0.

Johan Haeggman

CFO.

Born 1960.

Master of Science in Business Administration.

Former experience from several management positions within Scania, among others as Financial Director of Scania Latin America and Head of Corporate Strategic Planning. Employee since 1999.

Number of shares in the Company after the Offering: 0.

Number of warrants in the Company: 77,500.

Peter Svanfeldt

VP, Sales.

Born 1955.

Former Region Manager, CAP Gemini.

Founder of Computence/Coin (1990).

Number of shares in the Company after the Offering: 460,732.

Number of warrants in the Company: 0.

Mattias Söderhielm

VP, Mergers and Acquisitions.

Born 1971.

Master of Science in Engineering Physics.

Co-founder of Sweden's largest portal – Telia's Passagen.

Employee since 1997.

Number of shares in the Company after the Offering: 564,384.

Number of warrants in the Company: 0.

Johan Wall

Executive Vice President.

Co-founder of Netsolutions (1995).

See "Board of Directors" above.

Auditors

Anders Malmby

Born 1955.

Authorized Public Accountant.

KPMG.

Auditor in the Company since 1998.

Lars Marcusson

Born 1960.

Authorized Public Accountant.

KPMG.

Auditor in the Company since 1997.

Salaries and benefits, etc.

Salaries and other forms of remuneration paid during the financial year from July 1, 1998 to December 31, 1998 were as shown in the table below:¹

	TSEK
Chairman of the Board	— 2
Board total	— 3
President	240
Senior executives total ⁴	960
Auditors' fees	170

Board fees, payable during 1999, amounting to a total of SEK 400,000, are apportioned as determined by the Board of Directors.

The Parent Company has no outstanding pension obligations to Board members, the CEO or senior executives. Under the terms of the agreement currently in force, neither any Board member, nor the CEO, nor any senior executive is entitled to severance pay in the event of termination of employment in the Company.

¹ The stated amounts relate exclusively to Framtidsfabriken AB (publ).

² Allocation of 50,000 warrants as board fee, for the former Chairman Peter Ekelund, as explained in Note 1, page 66.

³ Allocation of 130,000 warrants as board fee, for the former Chairman Peter Ekelund, the Board Member Paul L. Saffo III and the former Board Member Bertil Persson, as explained in Note 1, page 66.

⁴ Framtidsfabriken's corporate management during the period from July 1, 1998 to December 31, 1998.



Client case

www.astra.com





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Facts from the Articles of Association, etc.

Registered name

The registered name of the Company is Framtidsfabriken Aktiebolag. The Company is a public company (publ).

Registered office

The registered office of the Board of Directors of the Company is in the municipality of Lund, Sweden.

Operations

The Company shall conduct operations in the information technology area, principally by developing and offering interactive services, telecommunications and data communications, as well as hardware and software, to companies and the public. The Company shall also conduct consulting operations, particularly management consulting operations, in these areas. The Company also proposes to publish books and magazines and offer educational programs relating to the above-named areas, and to engage in securities management. The Company shall also engage in other operations related to the above-named areas.

Share capital

The share capital shall amount to not less than SEK 4,000,000 and not more than SEK 16,000,000. The par value of each share is 80 Swedish öre (SEK 0.8).

Board of Directors

The Board of Directors shall consist of 3–10 members plus not more than 10 deputies, and shall be elected annually at the Annual General Meeting for the period extending to the close of the following Annual General Meeting of shareholders.

Notice of Annual General Meeting

Notice of the Annual General Meeting, and other information to shareholders, shall be communicated via announcements in Post- och Inrikes Tidningar (Swedish National Gazette) and Svenska Dagbladet.

Voting rights

At a General Meeting, each person is entitled to vote for the full number of shares owned and/or represented by him, with no limit to the number of votes.

Financial year

The Company's financial year shall be the calendar year.

VPC affiliation

The Company is affiliated to the Swedish Securities Register (VPC).

Other information

The Company's registration number is 556528-6886. Framtidsfabriken was registered with the Patent and Registration Office (PRV) on January 3, 1996 and has been conducting operations in its present form since the spring of 1998. Its legal form of incorporation is governed by the Swedish Companies Act (1975: 1385).

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Financial statements

The financial information provided below is an extract from Framtidsfabriken's audited Annual Report for the financial year from July 1, 1998 to December 31, 1998.

CONSOLIDATED INCOME STATEMENT

Amounts in TSEK	Note	July 1, 1998 – Dec. 31, 1998	Jan. 1, 1998 – June 30, 1998
Net sales		53,948	33,288
Changes to work on contract		3,827	8,639
Other operating income and accrued negative goodwill	2	70	184
		57,845	42,111
Operating expenses			
Other external costs		–18,361	–13,530
Personnel costs	1	–28,607	–22,403
Depreciation of tangible and amortisation of intangible fixed assets	4	–1,393	–1,090
Profits from shares in Group companies		–18	–
Other operating expenses	3	–	–34
Operating profit		9,466	5,054
Result from financial investments			
Other interest income and similar profit/loss items	5	437	66
Interest expense and similar profit/loss items	6	–115	–250
Profit after financial investments		9,788	4,870
Tax on current year's result	8	–3,021	–1,776
Net profit for the year		6,767	3,094

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CONSOLIDATED BALANCE SHEETS

Amounts in TSEK	Note	Dec. 31, 1998	June 30, 1998
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Goodwill	9	15,207	16,053
		15,207	16,053
<i>Tangible fixed assets</i>			
Equipment	10	4,155	2,600
		4,155	2,600
<i>Financial fixed assets</i>			
Other long-term securities		12	–
		12	–
Total fixed assets		19,374	18,653
Current assets			
<i>Inventories etc.</i>			
Work on contract	12	2,714	5,478
		2,714	5,478
<i>Current receivables</i>			
Accounts receivable		41,403	14,347
Other receivables		1,011	961
Prepaid expenses and accrued income	13	6,079	3,833
		48,493	19,141
Cash and bank equivalents		38,038	4,974
Total current assets		89,245	29,593
TOTAL ASSETS		108,619	48,246

Amounts in TSEK	Note	Dec. 31, 1998	June 30, 1998
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
<i>Restricted equity</i>			
Share capital		140	100
Non-registered share capital		5,465	19
Restricted reserves		68,816	22,494
		74,421	22,613
<i>Non-restricted equity</i>			
Non-restricted reserves		1,320	777
Net profit for the year		6,767	3,094
		8,087	3,871
		82,508	26,484
Provisions			
Provision for deferred taxes		1,405	908
Negative goodwill	2	–	54
		1,405	962
Long-term liabilities			
Bank overdraft	15,17	–	424
Other liabilities to credit institutions	16,17	153	168
Other liabilities	18	13	–
		166	592
Current liabilities			
Liabilities to credit institutions	17	30	38
Advance payments from clients		2,191	783
Accounts payable		4,324	6,400
Income tax liability		5,992	3,593
Other liabilities	18	5,659	3,976
Accrued expenses and deferred income	19	6,344	5,418
		24,540	20,208
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		108,619	48,246
Pledged assets			
<i>For own liabilities and provisions</i>			
Floating charge	17	5,000	5,000
Assets with ownership reservation	17	154	193
		5,154	5,193
Contingent liabilities		None	None

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CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Amounts in TSEK	July 1, 1998 – Dec. 31, 1998	Jan. 1, 1998 – June 30, 1998
Operating activities		
Profit after financial investments	9,788	4,870
+ Depreciation and write-downs charged against profits	1,393	1,090
± Result on sale of fixed assets	–18	–
± Taxes excluding deferred tax	–2,524	–868
<i>Funds provided internally from operations during the year</i>	<i>8,639</i>	<i>5,092</i>
<i>Change in working capital (excluding liquid funds)</i>		
Increase (–)/Decrease (+) in inventories etc.	2,764	–5,478
Increase (–)/Decrease (+) in current receivables	–29,352	–19,141
Increase (+)/Decrease (–) in current liabilities	4,332	20,208
	<i>–13,617</i>	<i>681</i>
Increase in restricted reserves	6	–
New share issue and other shareholder contributions	49,257	23,290
Acquired negative goodwill	–54	54
Increase in long-term liabilities	–	592
<i>Total funds provided</i>	<i>35,592</i>	<i>24,617</i>
Funds utilised		
Investments in intangible fixed assets	–	16,885
Investments in tangible fixed assets	2,102	2,858
Decrease in long-term liabilities	426	–
<i>Total funds utilised</i>	<i>2,528</i>	<i>19,743</i>
<i>Change in liquid funds</i>	<i>33,064</i>	<i>4,874</i>

INCOME STATEMENT – PARENT COMPANY

Amounts in TSEK	Note	July 1, 1998 – Dec. 31, 1998	July 1, 1997 – June 30, 1998
Net sales		54,328	336
Changes to work on contract		3,827	–
Other operating income	2	16	–
		58,171	336
Operating expenses			
Other external costs	3	–18,086	–345
Personnel costs	1	–28,665	–
Depreciation of tangible fixed assets	4	–428	–
Operating profit		10,992	–9
Result from financial investments			
Other interest income and similar profit/loss items	5	405	–
Interest expense and similar profit/loss items	6	–97	–
Profit after financial investments		11,300	–9
Appropriations			
Appropriations, other	7	–2,462	–
Profit before tax		8,838	–9
Tax on current year's result		–2,512	–
Net profit/loss for the year		6,326	–9

Charlotte Troije, Project Manager



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BALANCE SHEET – PARENT COMPANY

Amounts in TSEK	Note	Dec. 31, 1998	June 30, 1998
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>			
Equipment	10	4,054	2,380
		4,054	2,380
<i>Financial fixed assets</i>			
Shares in Group companies	11	6,771	6,771
		6,771	6,771
Total fixed assets		10,825	9,151
Current assets			
<i>Inventories etc.</i>			
Work-in-progress for others accounts	12	2,714	5,478
		2,714	5,478
<i>Current receivables</i>			
Accounts receivable		40,916	–
Receivables from Group companies		759	81
Other receivables		489	46
Prepaid expenses and accrued income	13	5,995	3,490
		48,159	3,617
Cash and bank equivalents		25,229	91
Total current assets		76,102	9,186
TOTAL ASSETS		86,927	18,337

BALANCE SHEET – PARENT COMPANY

Amounts in TSEK	Note	Dec. 31, 1998	June 30, 1998
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
<i>Restricted equity</i>			
Share capital (14,013,562 shares)		140	100
Non-registered share capital		5,465	19
Share premium reserve		49,233	–
Revaluation reserve		419	5,884
		55,257	6,003
<i>Non-restricted equity/Accumulated deficit</i>			
Profit/loss brought forward		–9	–
Net profit/loss for the year		6,326	–9
		6,317	–9
		61,574	5,994
<i>Untaxed reserves</i>			
Accumulated depreciation in excess of plan		219	–
Tax allocation reserves		2,243	–
		2,462	–
<i>Long-term liabilities</i>			
Bank overdraft	15,17	–	–
Other liabilities to credit institutions	16,17	153	168
		153	168
<i>Current liabilities</i>			
Liabilities to credit institutions	17	30	38
Advance payments from clients		2,191	783
Accounts payable		4,269	–
Liabilities to Group companies		2,404	7,215
Income tax liability		2,512	–
Other liabilities	18	5,441	566
Accrued expenses and deferred income	19	5,891	3,573
		22,738	12,175
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		86,927	18,337
<i>Pledged assets</i>			
<i>For own liabilities and provisions</i>			
Floating charge	17	5,000	–
Assets with ownership reservation	17	154	193
		5,154	193
<i>Contingent liabilities</i>			None

A capital adequacy guarantee in respect of equity in the subsidiary Bredbandsbolaget AB has been executed by Framtidsfabriken AB¹.

¹ The capital adequacy guarantee was withdrawn as of May 11, 1999, see further page 46.

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STATEMENT OF CHANGES IN FINANCIAL POSITION – PARENT COMPANY

Amounts in TSEK

July 1, 1998
– Dec. 31, 1998

July 1, 1997
– June 30, 1998

Operating activities

Profit after financial investments	11,300	–9
+ Depreciation and write-downs charged against profits	428	–
± Taxes	–2,512	–
<i>Funds provided internally from operations during the year</i>	<i>9,216</i>	<i>–9</i>

Change in working capital (excluding liquid funds)

Increase (–)/Decrease (+) in inventories etc.	2,764	–5,478
Increase (–)/Decrease (+) in current receivables	–44,542	–3,517
Increase (+)/Decrease (–) in current liabilities	10,563	12,175
	<i>–21,999</i>	<i>3,171</i>

New share issue and other shareholder contributions	49,254	19
Increase in long-term liabilities	–	168
<i>Total funds provided</i>	<i>27,255</i>	<i>3,358</i>

Funds utilised

Investments in tangible fixed assets	2,102	2,380
Investments in financial fixed assets	–	887
Decrease in long-term liabilities	15	–
<i>Total funds utilised</i>	<i>2,117</i>	<i>3,267</i>

<i>Change in liquid funds</i>	<i>25,138</i>	<i>91</i>
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Helène Bergman, Project Manager



Accounting principles

General accounting principles

The Company follows the Swedish Financial Accounting Standards Council's recommendations.

Valuation principles etc.

Assets, provisions and liabilities have been valued at the acquisition value unless stated otherwise below.

Taxes

Total Group tax comprises paid tax and deferred tax. Deferred tax is calculated as 28% of untaxed reserves.

Work in progress

Work in progress is credited to income in accordance with the degree of completion. Non-invoiced projects being carried out against progressive payments are reported as accrued income at the external price. For work in progress at a fixed price, a revenue recognition is made in those cases where the degree of completion exceeds 50% and is reported under "Changes to work on contract" in the income statement and net, after partial invoicing, under the balance sheet item "Work on contract."

Depreciation/amortisation principles for fixed assets

Straight-line depreciation/amortisation is based on the original acquisition value and the estimated economic life. The following depreciation periods are applied:

	Group	Parent Company
<i>Intangible fixed assets</i>		
Goodwill	10 years	–
<i>Tangible fixed assets</i>		
Computers	3 years	3 years
Cars	3 years	3 years
Other equipment	5 years	5 years

The difference between the above depreciation and depreciation for tax purposes is reported in the accounts of the individual companies as accumulated excess depreciation, which is included in untaxed reserves.

The acquisition of the Competence Group and Tribal AB gives Framtidsfabriken AB access to a strategic client base and skilled personnel, as well as structural capital in the form of technology and methods, among other benefits. Since these assets are considered to have a long-term earning potential with strategic value, goodwill is amortised over 10 years.

Consumables

Computer equipment is generally expensed on a continuous basis, with the exception of computers purchased for administrative purposes, and peripheral equipment, such as monitors and printers, which are capitalised as fixed assets.

Leasing – leaseholders

All leasing agreements are reported in the Parent Company in accordance with the rules for operational leasing.

Receivables and liabilities

Receivables have been valued individually at the amounts expected to be received.

Receivables and liabilities in foreign currency have been translated at the year-end exchange rate.

Consolidated accounts

The consolidated accounts have been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation (RR1:96). The consolidated accounts cover those companies in which the Parent Company directly or indirectly owns shares carrying more than 50 per cent of the voting rights or otherwise has a controlling influence as defined in the Swedish Annual Accounts Act (ÅRL) 1:4.

Group information

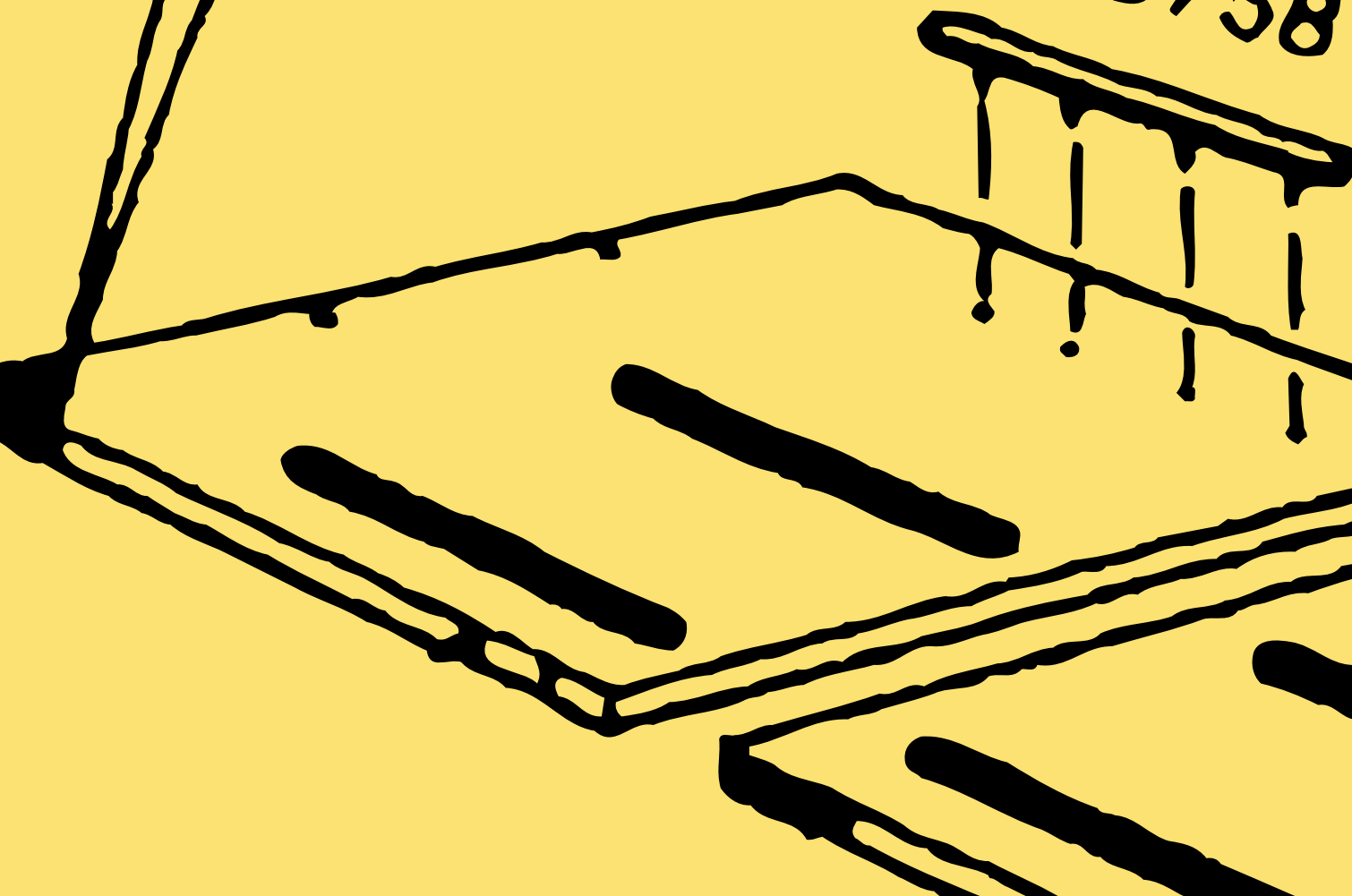
Of the Parent Company's total purchasing and sales, expressed in SEK, 0% of purchasing and 1% of sales relates to other companies within the entire group of companies to which the Parent Company belongs.

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Client case

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Notes to the financial statements

(Amounts in TSEK unless stated otherwise)

Note 1 Number of employees and personnel costs

The average number of employees within the Group amounted to 127 (91), of whom 103 (77) were men. Wages, salaries and other remuneration totalled 19,346 (15,445), of which amount bonuses to employees accounted for 0 (0). Salaries and other remuneration to board members and CEOs amounted to 240 (1,516). Costs for social security expenses amounted to 6,535 (7,150), of which 358 (764) was for pensions. Of this 358 (764), 0 (154) related to pension costs for board members and CEO. The Group has no outstanding pension commitments to board members and CEOs. The average number of employees within the Parent Company amounted to 127 (0), of whom 103 (0) were men. Salaries and other remuneration to board members and CEOs amounted to 240 (0). Costs for social security expenses amounted to 6,544 (0), of which 358 (0) was for pensions. Of this 358 (0), 0 (0) related to pension costs for board members and CEO. The Chairman of the Board has invoiced fees for executed services amounting to 563 (141). The Parent Company has no outstanding pension commitments to board members and CEO. Under the existing agreement, neither the CEO nor any board member is entitled to severance pay if their employment with the Company is terminated.

Three Board members who are not principal shareholders have been awarded free warrants pursuant to a decision of a General Meeting of Shareholders on August 15, 1998. The allocation is to be regarded as a fee for work on the Board of Directors over a period of three years, and is a lump-sum payment.

Note 2 Other operating income

Negative goodwill in an amount of SEK 54,000 accrued from the acquisition of COIN Commerce on Internet AB. Following the acquisition, the operations were transferred to Framtidsfabriken AB. Since future profitability in Framtidsfabriken is expected to be good, the negative goodwill this year has been reversed in its entirety.

Note 3 Leasing fees relating to operational leasing and rental agreements

	July 1, 1998 – Dec. 31, 1998	Jan. 1, 1998 – June 30, 1998
Group		
<i>Assets held via operational leasing agreements</i>		
Leasing fees/rent paid during year	2,708	1,507
Agreed future leasing fees/rent	12,156	9,323
	July 1, 1998 – Dec. 31, 1998	July 1, 1997 – June 30, 1998
Parent Company		
<i>Assets held via operational leasing agreements</i>		
Leasing fees/rent paid during year	2,708	1,361
Agreed future leasing fees/rent	12,156	9,323

Agreed leasing fees and rent for premises for the Group and the Parent Company fall due in an amount of 5,890 during 1999, with the remaining 6,266 due within 5 years.

The Parent Company has assumed payment responsibility for the leasing contracts of subsidiaries.

Note 4 Depreciation/Amortisation of tangible and intangible assets

	July 1, 1998 – Dec. 31, 1998	Jan. 1, 1998 – June 30, 1998
Group		
Goodwill	–846	–832
Equipment	–547	–258
	–1,393	–1,090
	July 1, 1998 – Dec. 31, 1998	July 1, 1997 – June 30, 1998
Parent Company		
Equipment	–428	–
	–428	–

Note 5 Other interest income and similar profit/loss items

	July 1, 1998 – Dec. 31, 1998	Jan. 1, 1998 – June 30, 1998
Group		
Interest income, other	437	66
	437	66

	July 1, 1998 – Dec. 31, 1998	July 1, 1997 – June 30, 1998
Parent Company		
Interest income, other	405	–
	405	–

Note 6 Interest expense and similar profit/loss items

	July 1, 1998 – Dec. 31, 1998	Jan. 1, 1998 – June 30, 1998
Group		
Interest expense, other	–115	–250
	–115	–250

	July 1, 1998 – Dec. 31, 1998	July 1, 1997 – June 30, 1998
Parent Company		
Interest expense, Group companies	–2	–
Interest expense, other	–95	–
	–97	–

Note 7 Appropriations, other

	July 1, 1998 – Dec. 31, 1998	Jan. 1, 1998 – June 30, 1998
Difference between book depreciation and straight-line depreciation		
– Equipment	–219	–
Tax allocation reserve, provision for year	–2,243	–
	–2,462	–

Note 8 Tax on current year's result

	July 1, 1998 – Dec. 31, 1998	Jan. 1, 1998 – June 30, 1998
Group		
Paid tax	–2,524	–1,437
Deferred tax	–497	–339
	–3,021	–1,776

Note 9 Goodwill

	Dec. 31, 1998	
	Group	Parent Company
Accumulated acquisition values		
At beginning of year	16,931	–
	16,931	–
Accumulated straight-line depreciation		
At beginning of year	–878	–
Straight-line depreciation for the year	–846	–
	–1,724	–
Planned residual value at year-end	15,207	–

Note 10 Equipment

	Dec. 31, 1998	
	Group	Parent Company
Accumulated acquisition values		
At beginning of year	3,801	2,380
New purchases	2,102	2,102
	5,903	4,482
Accumulated straight-line depreciation		
At beginning of year	–1,201	–
Straight-line depreciation for the year on acquisition values	–547	–428
	–1,748	–428
Book value at year-end	4,155	4,054
Equipment held under financial leasing agreements	None	None

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Note 11 Shares in Group companies

	Dec. 31, 1998
Parent Company	
<i>Accumulated acquisition values</i>	
At beginning of year	887
Acquisitions during the year	–
Sales	–
Reclassifications	–
	887
<i>Accumulated write-ups</i>	
At beginning of year	5,884
Write-ups during the year	–
	5,884
<i>Book value at year-end</i>	6,771

Specification of Parent Company's holdings of shares in Group companies

<i>Subsidiary/Reg. no./Head Office</i>	<i>No. of shares</i>	<i>Participation in %¹</i>	<i>Book value</i>
Framfab Management AB, 556498-1396, Lund	1,000	100.0	6,144
Rauer & Hammar AB, 556519-4106, Lund	500	100.0	–
Computence AB, 556314-8500, Stockholm	5,000	100.0	527
COIN Commerce on Internet AB, 556417-9843, Stockholm	1,000	100.0	–
Svenska Bredbandsbolaget AB, 556557-5825, Stockholm	10,000,000	100.0	–
Tribal Media AB, 556545-3585, Gothenburg	1,000	100.0	100
			6,771

¹ Refers to the ownership proportion of the capital, which also corresponds to the proportion of the votes for the total number of shares.

Note 12 Work on contract

	Dec. 31, 1998	June 30, 1998
Group		
Work on contract	12,465	8,639
Less: Partial invoicing of work on contract	–9,751	–3,161
	2,714	5,478
Parent Company		
Work on contract	12,465	8,639
Less: Partial invoicing of work on contract	–9,751	–3,161
	2,714	5,478

The gross change, i.e. before deductions for partial invoicing, in the Group's and the Parent Company's work on contract during the period amounted to 3,827.

Note 13 Prepaid expenses and accrued income

	Dec. 31, 1998	
	Group	Parent Company
Accrued income, contracts on current account	4,501	4,501
Prepaid rent and leasing fees	1,209	1,209
Other items	369	285
	6,079	5,995

Note 14 Equity

	Share capital	Restricted reserves	Non-restricted reserves
Group			
At beginning of year	119	22,494	3,871
Bonus issue ²	5,465	–5,465	–
New share issue, share capital ¹	21		
New share issue, share premium reserve		49,233	
Transfer between restricted and non-restricted equity		2,551	–2,551
Profit for the year			6,767
Settlement difference		3	
<i>At year-end</i>	5,605	68,816	8,087



Hanna Benjaminsson, Information Architect

Note 14 Equity, continued

	Share capital	Issue under registration	Share premium reserve
Parent Company			
At beginning of year	100	19	–
Bonus issue ²	19	5,446	
New share issue ¹	21	–	49,233
At year-end	140	5,465	49,233

	Revaluation reserve	Profit/loss carried forward	Net profit/loss for the year
Parent Company			
At beginning of year	5,884	–	–9
Bonus issue	–5,465		
Appropriation of profits		–9	9
Net profit for the year			6,326
At year-end	419	–9	6,326

¹ The new share issue was registered with the Patent and Registration Office (PRV) on August 12, 1998.

² The bonus issue was registered with the Patent and Registration Office (PRV) on March 15, 1999, which had the effect of writing up the par value of the share from SEK 0.01 to SEK 0.40 per share.

Note 15 Bank overdrafts

	Dec. 31, 1998	
	Group	Parent Company
Credit limit granted	5,000	5,000
Unutilised portion	–5,000	–5,000
Credit amount utilised	–	–

Guarantees are reported in Note 17, “Pledged assets for liabilities to lending institutions.”

Note 16 Other liabilities to lending institutions, long-term

	Dec. 31, 1998	
	Group	Parent Company
Maturity date, 1–5 years from closing day	153	153
	153	153

Note 17 Pledged assets for liabilities to lending institutions

	Dec. 31, 1998	
	Group	Parent Company
Floating charge	5,000	5,000
Assets with ownership reservation	154	154
	5,154	5,154

Note 18 Other long-term and current liabilities

	Dec. 31, 1998	
	Group	Parent Company
Liabilities with maturity dates later than five years from closing day	–	–
Liabilities relating to financial leasing agreements	–	–

Note 19 Accrued expenses and deferred income

	Dec. 31, 1998	
	Group	Parent Company
Accrued expenses relating to personnel	2,976	2,976
Other items	3,368	2,915
	6,344	5,891

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Auditors' report

Framtidsfabriken AB (publ), reg. no. 556528-6886

In our capacity as auditors of Framtidsfabriken we have examined this prospectus. Our examination has been carried out in accordance with the recommendation of the Swedish Institute of Authorized Public Accountants (FAR). In accordance with the recommendation we have only to a limited extent examined the forecasts that are included in the prospectus. The proforma accounts that are included in the prospectus have been prepared on the basis that are stated on page 12. Information extracted from the accounts has been correctly reproduced. Information concerning the result of the first three months 1999 and the balance as of March 31, 1999 have been reviewed to a limited extent only.

The annual report for July 1, 1997–June 30, 1998 has been audited by Lars Marcusson, KPMG and the annual report for July 1–December 31, 1998 has been audited by Lars Marcusson and Anders Malmby, KPMG. Auditors reports have been rendered without qualifications by the undersigned. Information in the prospectus, extracted from the annual reports has been correctly reproduced. The company was inactive during its first financial year, January 3, 1996–June 30, 1997.

Nothing has come to our attention that would indicate that this prospectus does not fulfil the requirements of the Swedish Company Act and Swedish Act on Trading in Financial Instruments.

Stockholm, May 29, 1999

Lars Marcusson
Authorized Public Accountant
KPMG

Anders Malmby
Authorized Public Accountant
KPMG

The Swedish Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority in accordance with the provisions in chapter 2, § 4 of the Act (1991:980) regarding trading with financial instruments. The approval and registration does not imply that the Swedish Financial Supervisory Authority guarantees that the stated facts in this Prospectus are accurate and complete.

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Glossary

Broadband – a measure of how much information can be transmitted through a connection during a given period of time. In order for a connection to be defined as broadband, a bandwidth of at least 2 Mbit/s is required, which enables transmission of moving images with VHS-quality.

Mbit/s – Megabits per second; a measure indicating that one million ones and zeros are transmitted in a digital connection during one second.

CMT – Content Management Tool; a system developed by Framtidsfabriken, which enables client employees to easily create and update websites for different parts of a corporation. For example, Volvo Car Corporation uses the system for its central and national websites. Volvo's car dealers can also create their own websites within the system. The system is very cost efficient because individual modules can be reused globally and at different levels, which enables a dealer to easily adapt and present the complete product presentation on his web site.

E-commerce – Electronic commerce; sales primarily on the Internet. Companies can use the Internet as an order channel and deliver physical goods (for example Boxman that e.g. sells CDs on the Internet). In the prospectus, these companies are defined as "Hybrids". Companies can also use the Internet as a distribution channel, e.g. digital music. These types of companies are defined as "Incubators".

HTML – Hypertext Markup Language - Standard for how websites are described in computer code.

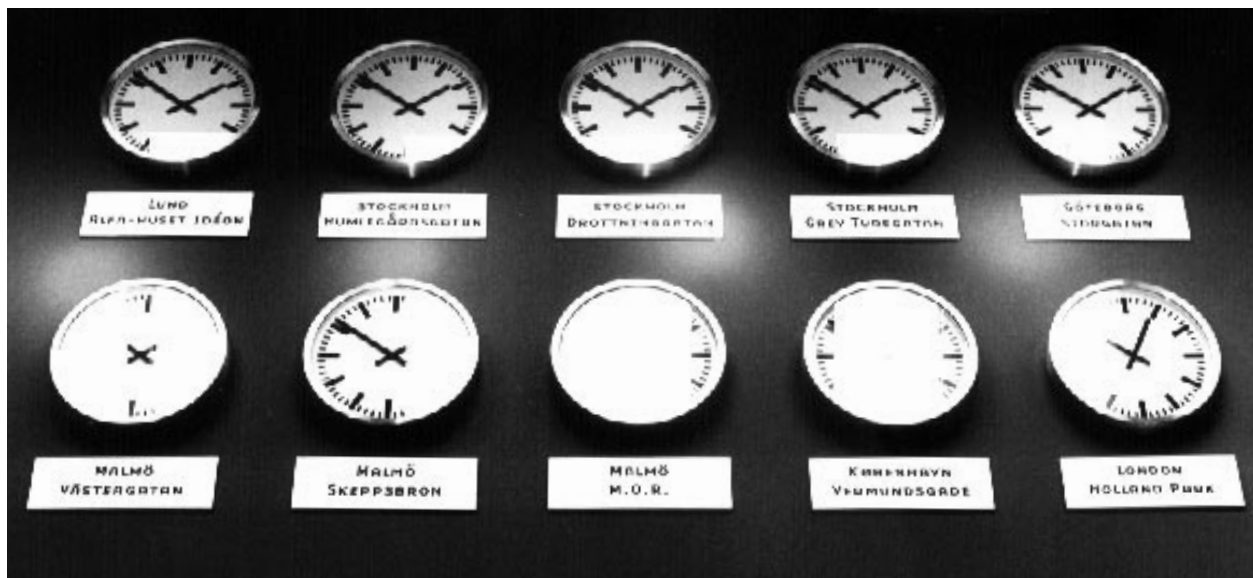
Network Economy – The new economic paradigm, which is about to replace the paradigm of Industrial Society. The Network Economy is e.g. characterised by decreasing importance of industrial production and increased importance of services, especially digital services that can be distributed on the Internet. Information technology in general and the Internet in particular are the catalysts driving the transition that also results in new values and life styles.

Network Society – the society that emerges as a consequence of the Network Economy.



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