

## Focusing on Core Business

- New strategy:
  - Forceful focusing on core business as a global Internet professional services company
  - Majority of non-core companies will be sold off step-by-step
  - Framfab Labs and Framfab Software merge and will be financed externally
- Profitability problems:
  - Worsened market conditions in Sweden
  - Over capacity as a consequence of too rapid growth in number of employees
  - Forceful action program instituted
- Stronger finances:
  - Sale of non-core businesses Framfab Integration and Framfab IT-Consulting for SEK 170 million
  - Sale of hosting company Driftbolaget
  - Financing agreement with CSFB signed in January
- Closing-down of unprofitable parts of the professional services operations
- Approx. 400 employees will be made redundant in Sweden and abroad
- The Group's sales for the year stood at SEK 1,466.9 (355.0) million, an increase of 313 %, of which organic growth accounted for 97 percentage points
- The Group's operating loss after depreciation of tangible fixed assets (EBITA) was -415.0 (+53.7) million during the year
- Decision to adjust goodwill through one time write-down of SEK 1711,4 million
- Loss after financial items amounted to SEK -2,245.7 (39.7) million, mainly due to the write-down of goodwill

Framfab is a global Internet services company whose mission is to deliver digital services based on internet technology. Framfab currently runs operations in Austria, Bulgaria, Denmark, France, Italy, the Netherlands, Norway, Switzerland, Spain, UK, Sweden, Germany and the US. Many well-recognized global companies work with Framfab: 3M, AstraZeneca, AXA, Bosch, Carlsberg, Electrolux, France Telecom, I K E A, International Red Cross, Gore-Tex, Groupe Pernod Ricard, Kelloggs, Packard-Bell, Nike Europe, SAAB, SAS, Viag Interkom, Volvo Car Corporation and AB Volvo. Framfab is listed on the OM Stockholm Exchange's Attract 40 List (ticker FTID).

<b>SEK million</b>	<b>2000 Q 1</b>	<b>2000 Q 2</b>	<b>2000 Q 3</b>	<b>2000 Q 4</b>	<b>2000 Q 1-4</b>
Net sales	317.6	409.4	307.9	318.6	1 353.5
Other operating income	111.3	2.2	0.1	-0.2	113.4
<b>Total sales</b>	<b>428.9</b>	<b>411.6</b>	<b>308.0</b>	<b>318.4</b>	<b>1 466.9</b>
<b>EBITA for consulting operations</b>	<b>35.3</b>	<b>-15.5</b>	<b>-88.7</b>	<b>-219.6</b>	<b>-288.5</b>
Investments in new companies and development of software	-19.9	-29.1	-51.0	-70.1	-170.1
Revenue from Bredbandsbolaget, SPP and divestment of companies	110.6	49.8	0	0.4	160.8
<b>EBITA before action plan</b>	<b>126.0</b>	<b>5.2</b>	<b>-139.7</b>	<b>-289.3</b>	<b>-297.8</b>
Action plan				-117.2	-117.2
<b>EBITA</b>	<b>126.0</b>	<b>5.2</b>	<b>-139.7</b>	<b>-406.5</b>	<b>-415.0</b>

## Focusing on Core Business

Framfab has had major profitability problems during the second half of 2000. The market has experienced a general slow-down and Framfab has had an over-capacity and an unfocused sales organization. In addition, the rapid growth from 700 employees at the beginning of the year to 3 000 at the end of October resulted in extreme growing pains. As a reaction to this, the newly appointed CEO Johan Wall has carried out a number of forceful measures, to ensure that Framfab can regain its former position as a global Internet professional services company with a healthy profitability.

Framfab's strategy will now be changed and the company will focus on its core business, Internet professional services. To achieve this, Framfab will step-by-step sell off a majority of the businesses outside the core. A letter of intent has been signed with buyers of Framfab IT-Consulting and Framfab Integration with 275 employees. The purchase prize is SEK 170 million. The sale of the hosting company Driftbolaget is expected to be finalized shortly with a day of taking possession at the end of the first quarter. Driftbolaget today has a negative cash-flow of approx. SEK 10 million per month, which means that the sale will boost Framfab's cash-flow. All the above-mentioned businesses are successful and robust, but lie outside of Framfab's core business.

Framfab has also built other great values outside the core business, e.g. in Framfab Labs and Framfab Software. These will be merged in a new company that will operate under the name of Framfab Labs and that will be financed externally. Discussions are under way with a number of external investors. The financing issue is expected to be resolved during second quarter.

Framfab Labs becomes Framfab's center for research and development of concepts and products. The work will be focused on the portal platform Brikks and web content management system Nayana (formerly known as CM2000). Framfab Labs is led by Jonas Birgersson and has approximately 120 employees in the cities of Lund, Helsingborg and Linköping in Sweden.

A massive action program has also been implemented in the professional services organization to

- Lower costs
- Increase capacity utilization
- Strengthen the sales organization and the sales processes
- Increase the management capacity

The lay-offs that were made in the Swedish operations in November will be followed by additional cuts. This will be done by reducing unprofitable professional services operations with approx. 400 employees, approx. 200 of which work in Sweden. Framfab foresees that these measures will improve the profitability significantly. The action program is expected to give rise to a one-time effect of SEK 80 million during the first quarter and savings of SEK 230 million on a yearly basis.

As a result of the sale of Framfab IT-Consulting, Framfab Integration and Driftbolaget, the business area Framfab Boosters is dissolved and replaced by Framfab Business Partners. Framfab Business Partners will manage Framfab's remaining holdings in start-up companies, joint ventures and other businesses. Framfab Business Partners will be led by Göran Westling.

Through the new strategy, Framfab will be able to focus its efforts on its core competencies. This will strengthen Framfab's offering to its clients. The sell-offs also make funds available to considerably strengthen Framfab's financial position.

To adapt the organization to the ever larger, demanding and complex projects of the global clients, and to adapt to the weaker market, Framfab has strengthened the sales and client development organization with five industry verticals:

- TMT (Technology, Media and Telecom)
- Manufacturing
- Health
- Finance
- Consumer Brands

Taken together, these actions form an excellent basis for once again establishing Framfab as a company with a healthy profitability.

## Forecast for 2001

Even though the market situation is perceived to be stabilizing in Sweden, Framfab fears that the negative market development that we have seen in Sweden during the fall will be repeated on the European markets that have not been affected yet. Based on this, the company believes that operational profitability (EBITA) will be reached some time during the fourth quarter of 2001.

## Results and financial position

### January to December 2000

The Group's sales for the year stood at SEK 1,466.9 (355.0) million, an increase of 313 %. During the year, other operating income was generated by converting the additional purchase price in Bredbandsbolaget of SEK 104.0 million and by selling off companies, amounting to SEK 7.0 million. In May 1999, 80% of Bredbandsbolaget was sold, generating other operating income of SEK 3.5 million. Adjusted for this, total growth compared with 1999 amounted to 286 %, of which organic growth accounted for 67 percentage points.

The Group's operating loss after depreciation of tangible fixed assets (EBITA) was -415.0 (+53.7) million during the year. The loss includes the effects of surplus funds from SPP amounting to SEK 49.8 million.

Investments in new companies and the development of software proceed in parallel with the consulting operations. To highlight EBITA in the consulting operations, the company's loss is adjusted for the conversion in Bredbandsbolaget and divestments totaling SEK 111.0 million, surplus funds from SPP of SEK 49.8 million, and investments in new companies (Framfab Innovation, Driftbolaget, etc) and development of software (Brikks and Nayana) totaling SEK 170.1 million, and the action plan, SEK 117.2 million. See table on first page. Adjusted in this way, EBITA in the consulting operations stood at SEK -288.5 million.

Framfab has successfully established operations in several countries during the year. Sales outside Sweden amounted to SEK 348 million during the year, the equivalent of 26 % of the total adjusted sales.

SEK millions	2000 Q 1	2000 Q 2	2000 Q 3	2000 Q 4	2000 Q 1-4
<b>Adjusted sales*</b>	<b>318.3</b>	<b>411.2</b>	<b>308.0</b>	<b>318.4</b>	<b>1355.9</b>
Sweden	280	336	184	208	1008
Rest of the world	38	75	124	111	348
<b>EBITA in the consulting operations</b>	<b>35.3</b>	<b>-15.5</b>	<b>-88.7</b>	<b>-219.6</b>	<b>-288.5</b>
Sweden	30	-17	-90	-147	-224
Rest of the world	5	2	1	-73	-65

\*Adjusted for conversion of the additional purchase price in Bredbandsbolaget and selling off companies.

The table below illustrates the negative effect on the EBITA level due to investments in new companies and the development of software. See also table on the first page.

SEK millions	2000 Q 1	2000 Q 2	2000 Q 3	2000 Q 4	2000 Q 1-4
Framfab Innovation, etc.	9.2	8.4	10.7	19.8	48.1
Driftbolaget	5.4	10.6	24.0	33.0	73.0
Software	5.3	10.2	16.3	17.3	49.1
<b>Summa</b>	<b>19.9</b>	<b>29.1</b>	<b>51.0</b>	<b>70.1</b>	<b>170.1</b>

In connection with preparing the annual accounts, a lump sum write-down of SEK, 1,711.4 million was made. This was done following an impairment test and as a consequence of the revaluation of the IT and Internet sector on the financial markets. Loss after financial items amounted to SEK -2 245.7 (39.7) million.

The Group's liquid assets as of December 31, 2000 amounted to SEK 244.0 million (223.7). A new share issue in February 2000 generated approximately SEK 1,112 million to Framfab after issue costs. In addition, the company has received SEK 21.4 million during the year from warrant payments and the exercise of warrants.

The Group's shareholders' equity as of December 31, 2000 amounted to SEK 2,361.9 million (671.7), giving an equity/assets ratio of 82.6 %(85.9). Investments in tangible fixed assets totaled SEK 118.8 million (27.2) during the year. In March, Framfab participated in a new share issue in Bredbandsbolaget making a capital contribution of SEK 36 million. In August, Framfab issued a promissory note to Bredbandsbolaget with a capital contribution of around SEK 97.6 million. This was converted into shares February 13, 2001. As of February 22, Framfab's holdings in Bredbandsbolaget amounted to 10.6%.

The number of employees rose during the year from 727 to 2 666, an increase of 1 939 people or 267 %. As of February 22, the headcount was 2 620, of which 990 are employed outside of Sweden.

## Q4 2000

The Group's sales during Q4 2000 totaled SEK 318.4 million (148.1). The Group's operating loss after depreciation of tangible fixed assets (EBITA) was SEK -406.5 (8.4) million during Q4. To highlight the EBITA in the consulting operations, adjustments are made for investments in new companies (Framfab Innovation and Driftbolaget, etc.) and software development (Brikks 2.0 and Nayana) for SEK 70.1 million, SPP SEK 0.4 million and action plan SEK 117.2 million. See table on the first page. Adjusted in this way, the EBITA in the consulting operations was SEK -219.6 million. In addition to these effects on the results, customer receivables have been written down with SEK 29.8 million during the quarter.

Sales and profitability of the Swedish consulting operations fell during the fourth quarter due to low volumes, a too high rate of recruitment during last quarter and rapid changes in the market situation. Johan Wall was appointed new CEO in November. In connection with his appointment, an action plan was introduced to make the Swedish operations profitable again. The action plan is progressing on schedule. Sales and profitability outside Sweden decreased heavily during the quarter. Mainly due to some overcapacity as the result of a too high rate of recruitment and that the market shows signs of weakening, in a pattern similar to what has happened in Sweden.

Investments in tangible fixed assets were SEK 21.5 (2.5) million during Q4.

The acquisition of the majority holding in Arexus in Bulgaria, a technology consulting firm with 26 employees, was consolidated from November 1. The acquisition of NettX Consult in Oslo (26 employees) with an experienced team of management consultants, was consolidated on February 1.

Driftbolaget's sales during quarter amounted to SEK 17.5 million and the operating loss after depreciation of tangible fixed assets amounted to SEK 33.0 million. The company had 128 employees at the end of the year.

Framfab Integration and Framfab IT-Consulting sales during quarter amounted to SEK 74.1 million and the operating profit after depreciation of tangible fixed assets amounted to SEK 4.6 million. The companies had 275 employees at the end of the year.

## Share data

The loss after tax for the year was SEK -2 248.7 million (24.3), corresponding to SEK -17.02 per share (0.29). Shareholders' equity per share was SEK 16.66 (6.41) as of December 31, 2000.

The Parent company had 141,780,473 registered shares as of December 31, 2000. The number of shares rose during the year (adjusted for an 8:1 split on March 6) through a new share issue aimed at institutional investors (5,200,000), through the exercise of warrants (2,201,400) and through a non-cash issue in connection with company acquisitions (29,558,633).

At Framfab's extraordinary general meeting on October 11, it was decided to introduce a worldwide options scheme, giving the Group's existing and future employees the prospect of receiving call options. In connection with this, the board will cancel previously issued unexercised warrants for the equivalent of around 6.5 million shares.

As on February 15, the Parent company had 147,237,056 outstanding shares. Should all the outstanding warrants be exercised, the number of shares as on February 15, 2001 would increase by 15,073,040, adjusted for cancellation of warrants in accordance with the above.

## Scheduled reports

The Q1 report will be published on May 4, 2001

The Q2 report will be published on August 22, 2001

The Q3 report will be published on October 30, 2001

Stockholm, February 22, 2001

Framtidsfabriken AB (publ)

Board of Directors

### For further information, please contact:

Johan Wall, CEO

Johan Haeggman, CFO

Leif Andersson, VP Corporate Communications

or visit [www.framfab.com](http://www.framfab.com)

+46 8 545 258 00

+46 8 545 258 00

+46 709 41 22 32

[joan.wall@framfab.se](mailto:joan.wall@framfab.se)

[joan.haeggman@framfab.se](mailto:joan.haeggman@framfab.se)

[leif.andersson@framfab.se](mailto:leif.andersson@framfab.se)

## Income statement in brief

SEK millions	Oct-Dec 2000	Oct-Dec 1999	2000	1999
Net sales	318.6	147.7	1 353.6	350.8
Other working capital	-0.2	0.4	113.3	4.2
<b>Sales</b>	<b>318.4</b>	<b>148.1</b>	<b>1 466.9</b>	<b>355.0</b>
Operating expenses	-706.0	-127.0	-1 824.0	-294.9
Share in profit/loss of associated companies	-7.6	-	-15.3	-
<b>Operating profit/loss before depreciation</b>	<b>-395.2</b>	<b>21.1</b>	<b>-372.4</b>	<b>60.1</b>
Depreciation of tangible fixed assets	-11.3	-4.0	-42.6	-6.4
<b>Operating profit/loss after depreciation of tangible fixed assets</b>	<b>-406.5</b>	<b>17.1</b>	<b>-415.0</b>	<b>53.7</b>
Depreciation of goodwill	-1 750.4	-7.4	-1 842.7	-16.8
Depreciation of other intangible fixed assets	-3.4	-0.4	-6.8	-0.7
<b>Operating profit/loss</b>	<b>-2 160.3</b>	<b>9.3</b>	<b>-2 264.5</b>	<b>36.2</b>
Net financial income/expense	-1.5	1.5	18.8	3.5
<b>Profit/loss after financial items</b>	<b>-2 161.8</b>	<b>10.8</b>	<b>-2 245.7</b>	<b>39.7</b>
Tax	-3.0	-4.2	-3.1	-15.0
Minority shares in the period's profit/loss	2.1	-0.2	0.1	-0.4
<b>The period's profit/loss</b>	<b>-2 162.7</b>	<b>6.4</b>	<b>-2 248.7</b>	<b>24.3</b>

## Cash flow statement in brief

SEK millions	Oct-Dec 2000	Oct-Dec 1999	2000	1999
Cash flow from current activities before changes in working capital	-401.7	21.7	-378.0	56.7
Changes in working capital	137.5	-43.6	-140.0	-74.4
<b>Cash flow from operating activities</b>	<b>-264.2</b>	<b>-21.9</b>	<b>-518.0</b>	<b>-17.7</b>
Acquisition of subsidiaries*	-39.4	-36.3	-91.1	-22.4
Cash flow from investing activities	-58.5	-28.6	-487.7	-71.3
<b>Cash flow before financing activities</b>	<b>-362.1</b>	<b>-86.8</b>	<b>-1096.8</b>	<b>-111.4</b>
Cash flow from financing activities	11.7	61.7	1116.3	297.0
<b>Cash flow for the period</b>	<b>-350.4</b>	<b>-25.1</b>	<b>19.5</b>	<b>185.6</b>
Translation difference in liquid assets	0	0.1	0.3	0.1
<b>Liquid assets at the close of the period</b>	<b>244.0</b>	<b>223.7</b>	<b>244.0</b>	<b>223.7</b>

\*Net cash payments made (-) and acquired liquid assets (+). Non-cash issues in connection with acquisitions have not been taken into account in the cash flow statement since non-cash issues have no effect on liquid assets.

## Balance sheet in brief

SEK millions	The Group Dec 31, 2000	The Group Sept. 30, 2000	The Group Dec. 31, 1999
<b>Assets</b>			
Goodwill	1 342.2	3 085.3	296.1
Other intangible fixed assets	28.7	12.7	5.3
Tangible fixed assets	189.4	179.0	35.3
Financial fixed assets	370.2	359.9	39.6
<b>Total fixed assets</b>	<b>1 930.5</b>	<b>3 636.9</b>	<b>376.3</b>
Accounts receivable	513.0	416.1	114.4
Other current assets excluding liquid assets	173.5	263.1	69.6
Liquid assets	244.0	595.5	223.7
<b>Total current assets</b>	<b>930.5</b>	<b>1 274.7</b>	<b>407.7</b>
<b>Total assets</b>	<b>2 861.0</b>	<b>4 911.6</b>	<b>784.0</b>
<b>Shareholders' equity and liabilities</b>			
Restricted equity	4 974.7	4 753.9	792.4
Non-restricted reserves	-364.1	-113.0	-145.0
The period's profit/loss	-2 248.7	-86.0	24.3
<b>Total shareholders' equity</b>	<b>2 361.9</b>	<b>4 554.9</b>	<b>671.7</b>
Minority interest	0.9	1.9	1.8
Provisions	20.6	12.4	9.0
Interest-bearing liabilities	11.1	47.1	6.4
Long-term non-interest bearing liabilities	18.2	0.0	0.0
Current non-interest bearing liabilities	448.3	295.3	95.1
<b>Total liabilities</b>	<b>499.1</b>	<b>356.7</b>	<b>112.3</b>
<b>Total shareholders' equity and liabilities</b>	<b>2 861.0</b>	<b>4 911.6</b>	<b>784.0</b>

## Income statement in brief per quarter

The Group SEK millions	1999 Q 1	1999 Q 2	1999 Q 3	1999 Q 4	2000 Q 1	2000 Q 2	2000 Q 3	2000 Q 4
Sales	32.1	79.9	94.9	148.1	428.9	411.6	308.0	318.4
Adjusted sales*	32.1	76.4	94.9	148.1	318.3	411.2	308.0	318.4
Operating profit/loss after depreciation of tangible fixed assets	6.1	16.8	13.7	17.1	126.0	5.2	-139.7	-406.5
Operating profit/loss	5.6	13.0	8.3	9.3	105.5	-23.9	-185.8	-2 160.3
Profit/loss after financial items	5.8	13.1	10.0	10.8	110.6	-15.1	-179.4	-2 161.8
Total growth, sequential*	n.a.	138%	24%	56%	115%	29%	-25%	3%

\*Adjusted for conversion of the additional purchase price for Bredbandsbolaget and divestment of companies

# Key ratios

	Oct-Dec 2000	Oct-Dec 1999	2000	1999
Sales growth	115.0 %	301.0 %	313.2 %	240.2 %
Adjusted sales growth (1)	115.0 %	301.0 %	286.1 %	
Gross margin	-124.1 %	14.2 %	-25.4 %	16.9 %
Operating margin after depreciation of tangible fixed assets	-127.7 %	11.6 %	-28.3 %	15.1 %
EBITA margin in the consulting business (2)	-68.9 %	11.6 %	-21.3 %	
Operating margin	-678.5 %	6.3 %	-154.4 %	10.2 %
Profit margin	-679.0 %	73 %	-153.1 %	11.2 %
Solidity	82.6 %	85.9 %	82.6 %	85.9 %
Return on capital employed (3)	-68.8 %	10.6 %	-68.8 %	10.6 %
Return on shareholders' equity (3)	-70.4 %	6.5 %	-70.4 %	6.5 %
Average no. of employees	2 652	593	1 965	367
No. of employees at close of the period	2 666	727	2 666	727
Sales per employee, SEK thousands (3)	747	968	747	968
Adjusted sales per employee (1:3)	690	956	690	956
Profit/loss per employee, SEK thousands (3)	-211	146	-211	146
Shareholders' equity per share, SEK (3:4)	16.66	6.41	16.66	6.41
Earnings per share, SEK (3:4)	-17.02	0.29	-17.02	0.29

1 Adjusted for the conversion of additional purchase price in Bredbandsbolaget and divestment of companies

2 Adjusted for the conversion of additional purchase price in Bredbandsbolaget, divestment of companies, surplus funds from SPP and investments in new companies (Driftbolaget and Framfab Innovation), Brikks and CM

3 Based on a rolling twelve-month period

4 Corrected for 8:1 split in March 2000

## Definitions

Gross margin: Operating profit/loss before depreciation as a percentage of sales.	Operating margin after depreciation of tangible fixed assets: Operating profit/loss after depreciation of tangible fixed assets as a percentage of sales.
Operating margin: Operating profit/loss as a percentage of sales.	Profit margin: Profit/loss after financial items as a percentage of sales.
Solidity: Shareholders' equity including minority as a percentage of total capital employed.	Capital employed: Total capital employed reduced by non-interest bearing liabilities including deferred tax liability.
Return on capital employed: Profit/loss after financial items plus financial expenses divided by the average capital employed.	Yield on shareholders' equity: Profit/loss after financial items with deduction for full tax divided by average shareholders' equity.
Sales per employee: Sales divided by the average number of yearly employees.	Profit/loss per employee: Operating profit/loss after depreciation of tangible fixed assets divided by the average number of yearly employees.
Shareholders' equity per share: Shareholders' equity divided with the number of outstanding shares.	Profit per share: The period's profit/loss after full tax divided by the average number of shares.