

Technology Nexus AB (publ)

Interim report

January–March 2001

The period in brief

- Net sales amounted to SEK 121.7 million (53.4)
- Operating profit before goodwill depreciation amounted to SEK 13.1 million (1.8), which provides a margin of 10.7 % (3.4)
- Profit after financial items amounted to SEK 8.7 million (1.0)
- The orderbook at the end of the quarter stood at SEK 344.1 million (402.7)
- Orders received during the period amounted to SEK 70.4 million (289.2)
- Liquidity, unaccounted credit, amounted to SEK 55.1 million (80.4) at the end of the quarter
- The number of employees at the end of the quarter was 336 (160)
- Investments during the period amounted to 2.3 (27.2)
- The Company upholds previously provided forecasts

OPERATIONS IN BRIEF

Nexus has strengthened its position as the leading supplier of Secured Solutions. This is reflected in increasing demand, orders, and results.

The first quarter of the year 2001 followed the earlier positive development. Nexus has published its seventh consecutive interim report with increased turnover and a positive profit trend compared to the same period during the previous year.

The awareness that insufficiencies in IT security in supplied products and solutions can pose a threat to entire operations continues to increase. The demand for the company's services is increasing and during the period Nexus has received a large number of orders.

It is worth noting that the first large structural PKI deals (Public Key Infrastructure) have been made during this period. In a number of cases, Nexus has gained the trust to supply the solutions and products for these projects. Especially interesting are the deliveries to RSV and Posten in conjunction with the opening of the Internet for electronic tax returns, primarily for VAT and payroll overhead.

THE MARKET

The company sees continued growth in the demand for its solutions and services. This is in line with independent market institute assessments.

A certain effect from the cutbacks currently being implemented, primarily in the telecommunications sector, can be expected. They are assessed to have a marginal effect on Nexus' turnover and result, as the company's exposure to this sector is limited.

The increase in demand that has taken place and is taking place within Nexus' operating area, Secure Solutions, is structurally enforced. The demand is therefore less affected by changes in market conditions.

TURNOVER AND RESULTS

The period

Turnover during the first quarter of 2001 increased by 128 % in comparison with the same period during the previous year and amounted to SEK 121.7 million (53.4). Operating profit before goodwill depreciation amounted to SEK 13.1 million (1.8), which is equal to an operating margin of 10.7 % (3.4 %). Profit after financial items amounted to SEK 8.7 million (1.0)

The factors that affected profit development positively are that endeavours to heighten productivity and scale advantages have been increasingly successful. In addition, product deliveries, where the company also obtains income during the delivery phase, have developed well.

The overseas establishment, which was begun at the end of last year, has developed well and contributes to the good results.

PERSONNEL

The number of employees at the end of the period was 336 (160).

Personnel turnover during the period was 3%.

FUTURE PROSPECTS

The company sees a continued good demand for its solutions and services. The company has entered discussions concerning a number of larger project/series delivery deals that can be expected to be finalised and provide a positive effect during the current year.

The company's overseas operations are expected to continue to contribute to long-term profitability.

The company upholds previously communicated forecasts for a growth rate of 30 – 50 % per year for turnover and the attainment of the long-term profitability target of 10 % after financial items during the period 2001–2003.

Continued positive cash flow is expected.

ACCOUNTING PRINCIPLES

No alterations have been made with regard to the accounting principles and calculation methods in comparison with the year-end report for 2000.

NEXT FINANCIAL REPORT

The quarterly report for January–June will be made public on August 22, 2001.

For the Board:

Linköping, Sweden, April 26, 2001

Mikael Jacobsson
Chief Executive Officer

We have performed an overall review of this quarterly report in accordance with the recommendations of the Swedish Institute of Authorised Public Accountants (Föreningen Auktoriserade Revisorer, FAR). An overall review is considerably more limited than an audit. We have found nothing that would indicate that the quarterly report does not meet the requirements of the Swedish Accounting Act.

Linköping, Sweden, April 26, 2001

Jüri Pundi
Authorised Accountant

Tom Skarin
Approved Accountant

The Group's income statement (amount in SEK thousands)	2001-01-01 -2001-03-31	2000-01-01 -2000-03-31	2000-01-01 -2000-12-31
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Net sales	121,656	53,437	376,707
	0	0	144
Other operating income			
Total:	121,656	53,437	376,851
Operating costs (1)	-108,586	-51,634	-342,395
Operating profit before goodwill depreciation	13,070	1,803	34,456
Structure and integration costs	0	0	-8,000
Depreciation goodwill	-4,812	-983	-13,996
Operating profit after goodwill depreciation	8,258	820	12,460
Result from financial investments	482	200	1,209
Adjusted acquired result (2)	0	0	539
Result after financial items	8,740	1,020	14,208
Taxes (3)	-3,866	0	-5,549
Profit/loss for period	4,874	1,020	8,659

Data per share (amount in SEK thousands)	March 2001	March 2000	December 2000
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No. shares (4)	17,462,021	13,147,940	16,895,415
No. shares incl. outstanding warrants	19,896,646	14,647,940	19,330,040
Net earnings per share (5)	0.28	0.08	0.51
Net profit per share incl. outstanding warrants	0.24	0.07	0.45
Equity per share (6)	19.25	9.91	19.32

The Group's income statement quarterly-wise (amount in SEK thousands)	Q1 -00	Q2 -00	Q3 -00	Q4 -00
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Net sales	53,437	118,936	81,270	123,064
Other operating income	0	0	57	87
Total:	53,437	118,936	81,327	123,151
Operating costs	-51,634	-103,020	-76,861	-110,881
Operating profit before goodwill depreciation	1,803	15,916	4,466	12,270
Structure and integration costs	0	-5,000	-1,000	-2,000
Depreciation goodwill	-983	-3,921	-3,921	-5,171
Operating profit after goodwill depreciation	820	6,996	-455	5,099
Result from financial investments	200	376	122	511
Adjustment acquired result	0	539	0	0
Result after financial items	1,020	7,911	-333	5,610
Taxes	0	-5061	-1 341	853
Profit/loss for period	1,020	2,850	-1,674	6,463

The Group's balance sheet (amount in SEK thousands)	2001-03-31	2000-03-31	2000-12-31
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ASSETS			
Intangible fixed assets (goodwill)	289,479	33,941	293,196
Tangible and financial fixed assets	17,190	7,748	17,867

Technology Nexus AB – quarterly report

Other current assets	140,876	55,780	140,079
Liquid funds	55,149	80,370	36,884
Total assets	502,694	177,839	488,026

EQUITY AND LIABILITIES

Equity (7)	382,985	145,155	371,383
Interest-bearing liabilities	0	0	0
Operating liabilities and provisions	119,709	32,684	124,438
Total equity and liabilities	502,694	177,839	488,026

Cash flow statement (amount in SEK thousands)	2001-01-01 -2001-03-31	2000-01-01 -2000-03-31	2000-01-01 -2000-12-31
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Cash flow from ongoing operations before changes in working capital	14,051	2,942	29,916
Change in working capital	-3,064	-14,164	-28,665
Cash flow from ongoing operations	10,987	-11,222	1,251
Cash flow from investment activities	1,594	-975	-118,245
Cash flow from ongoing operations after investments	12,581	-12,197	-116,994
Cash flow from financing activities	5,684	80,561	141,872
Change in liquid funds	18,265	68,364	24,878

Key ratios	Mar 2001	Mar 2000	Dec 2000
Profit margin, % (8)	10.7%	3.4%	9.1%
Profit margin, % (9)	7.2%	1.9%	3.8%
Return on equity, % (10)	5.2%	3.2%	6.9%
Return on capital employed, % (11)	9.5%	5.2%	11.1%
Solidity, % (12)	76%	82%	76%
No. of employees balance sheet date	336	160	314
Average number of employees	329	156	242
Turnover per average no. employees on annual basis	1,479	1,370	1,557

Definitions

1) The operating profit includes depreciation of machines and equipment in accordance with the following:

January–March 2001	1,846
January–March 2000	939
January–December 2000	6,236

During the year 2000, SPP funds have been accounted for as other income. As a result of new recommendations, these have been accounted for as a cost reduction under operating costs (personnel costs).

2) Acquired result Devenator AB for the period January 1, 2000–March 31, 2000

Net sales	29,994
Operating costs	-30,505
Operating profit/loss	-511
Financial items	-28

Result after financial items -539

3) Standard tax rate of 28 % has been charged to the profit for the period.

4) In the comparative figures for March 2000, consideration has been taken to the 5:1 split.

5) The net result for the period divided by the number of outstanding shares on balance sheet date including and excluding outstanding warrants.

6) Equity in relation to the total number of shares on the balance sheet day including outstanding warrants.

7) Specification change Equity

	Share capital	Restricted reserves	Profit b/f	Profit for year
At start of year	855	375,993	-5,465	0
New share issue	18	6,710		
Displacement between restricted and non-restricted		-324	324	
Net profit/loss for the year				4,874
At end of period	873	382,379	-5,141	4,874

8) The result for the period before depreciation of goodwill and structural costs as a percentage of net sales for the period.

9) The result for the period after financial items as a percentage of net sales for the period.

10) The result for the period after tax as a percentage of the average adjusted equity.
For comparative periods shorter than 12 months, result development is assumed to be linear over the year.

11) The result for the period after financial items plus financial costs and structural costs as a percentage of the average capital employed.
For comparative periods shorter than 12 months, result development is assumed to be linear over the year.

12) Equity in relation to the balance sheet total.

Nexus

Technology Nexus AB
(head office), Ågatan 40, Box 513, S-581 06 Linköping, SWEDEN
Tel. +46 13 35 74 00, Fax. +46 13 10 02 43
www.nexus.se