

Sign On i Stockholm AB (Plc)

Interim report

1 January – 31 March 2002

Financial information January – March

- Net sales rose by 40% and amounted to 7.2 MSEK (5.1).
- Loss after net financial income/expense improved by 36% to -5.0 MSEK (-7.8).
- Liquid assets and current receivables amounted to 14.0 MSEK (19.6).

Summary of first quarter

- Sign On's board has decided to make a rights issue during May 2002 which, if fully subscribed, will provide an additional 37.0 MSEK.
- Posten and Sign On have signed an agreement for the joint marketing of both companies' services and products.
- Sign On has made a new directed share issue to Posten (5.6 MSEK).
- A three-year contract for FormPipe has been signed with the City of Stockholm.
- Sign On delivered form archives to the 'Virtual Customs Office'.
- EDS has taken over the operation of Sign On's production servers.

Future prospects

- Sign On will apply for a listing on the Stockholm Stock Exchange's O-list.
- The on-going FormPipe pilot project will be developed into a paying customer project.
- Increased activities for marketing FormPipe via partners in Europe.

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About Sign On

Sign On is a software company that offers total solutions that mean anybody can have quick, cost-effective access to electronic forms and documents as well as being able to send information via the Internet, with or without an digital signature. Sign On's operation is divided into three business sectors; FormPipe, Sign On Form Archive, Sign On Form Hotel and form design. Sign On has 64 employees and its head office is in Danderyd.

FormPipe

FormPipe is an in-house developed program that enable companies, local authorities and government bodies to receive information via the Internet in a secure manner. For instance a local authority will be able to receive a planning application from a company or an individual. As things are the applicant has to phone and request a form that has to be filled in, signed and then returned to the authority who have to record the matter and keep the application. With FormPipe the applicant can fill in the information directly over the Internet and return the application with an digital signature to the council which in turn receives the contents automatically and stores the application electronically. The service is available 24 hours a day. The applicant receives an acknowledgement that the item has been received and the council is able to identify directly who sent in the application. This saves both sender and recipient a lot of time and money.

Sign On Form Archive

Sign On Forms Archive is a service that companies can subscribe to annually. The archive contains a good 4,500 contract templates, forms and 'everything' for the office. Rather than a company organising its own internal templates, everything is available over the Internet at any time. The archive contains, for example: templates for board minutes, travel expenses, contracts of employment and notifications of changes to the Patent and Registration Office. There are also documents for private use such as tenancy agreements for apartments or contracts for the sale of cars. All the documents are in Word format which means that users can save the completed documents. During the present quarter Sign On and Confederation of Swedish Enterprise have jointly designed a number of new documents relating to labour legislation, something every business needs.

Sign On Form Hotel and form design

Sign On Form Hotel is a service that enables companies, local authorities and government bodies to publish their own forms for internal use and communication with their clients. Sign On designs electronic forms and sees that they are always available on the Internet. All a company has to do is organise a link with its own home page, Sign On takes care of the rest. It couldn't be simpler and the company receives a complete archive with forms and templates which results in savings in time, personnel and space.

Summary of important events during the quarter

*In March Sign On's board decided to make a rights issue in May in order to provide the company with 33.5 MSEK when fully subscribed (37.0 MSEK before issue costs). The new share issue is intended to meet the Stockholm Stock Exchange's financing requirements and to safeguard the continued marketing of Sign On's services and products in Sweden and internationally.

* Sign On and Posten Sverige AB signed an agreement for both companies to market services and products jointly. Posten will establish a new service based on FormPipe so that companies, local authorities and government bodies can receive documents and information from their clients.

* At the start of the year, Sign On made a directed new issue (equal to 5.6 MSEK) to Posten which also had the option of increasing its stake to a full 10%. Posten came to the conclusion that a direct holding in Sign On was not the best route to co-operation and consequently decided not to acquire the remainder and will also be disposing of its existing shares in Sign On.

* Sign On signed an agreement with the City of Stockholm that means that over the next three years the latter will pay at least 2.0 MSEK for the use of FormPipe. The annual revenue increases by SEK 100 thousand for each unit that joins. In total around 50 different units that can begin using FormPipe.

* In January Sign On handed over the operation of Sign On Form Archive and Sign On Form Hotel to EDS, the world's second largest IT company. This offers us reliable operation with the opportunity for gradual expansion.

* At the end of January the Swedish Customs launched the 'Virtual Customs Office' with Sign On as a subcontractor providing a form hotel with forms in both Word and PDF formats.

* Sign On has signed agreements with over 30 newspapers and web-portals for the retail sale of contract templates to consumers e.g. tenancy agreements, contracts of sale for cars or boats.

* New form projects with, amongst others, JP Nordiska, Öresundskraft, Bravida, Vin & Sprit and Stockholm Public Transport Authority.

Financial and other information for the first quarter of 2002

During the first quarter of 2002 Sign On's turnover amounted to SEK 7,155 (thousands) (5,126), an increase of 40% in comparison with the same period the previous year. The growth in turnover results primarily from recurrent rental income along with the sales of new subscriptions.

The loss after net financial income/expense has improved by 36 percent to SEK -5,038 thousand (-7,838). This improved result is explained by the increased turnover in turnover during the period.

Sign On Form Archive

- Net sales amounted to 4.2 MSEK
- The profit after net financial income/expense amounted to 0.2 MSEK

Sign On Form Hotel/Form Design

- Net sales amounted to 2.4 MSEK
- The loss after net financial income/expense amounted to -1.3 MSEK

FormPipe

- Net sales amounted to 0.6 MSEK
- The loss after net financial income/expense amounted to -3.9 MSEK
- No development expenditure was capitalised during the period
- Invoicing to City of Stockholm is not included in the profit/loss for the period

Total turnover and profit/loss

- Net sales amounted to 7.2 MSEK (5.1 MSEK)
- The loss after net financial income/expense amounted to -5.0 MSEK (-7.8 MSEK)

Financial position

The company's liquid resources and short-term liabilities as of 31 March 2002 amounted to 14.0 MSEK (19.6 MSEK). The equity ratio was 46% (77%). The shareholders' equity was 8.2 MSEK (20.6 MSEK), which corresponds to an equity per share of SEK 1.11 (SEK 2.90). During the first quarter of 2002 a directed issue of 170,000 shares was made to Posten providing the company with 5.6 MSEK. Following the new issue the number of shares rose to 7,409,000 as of 31 March 2002.

Investments

New investments in tangible assets for the whole year amounted to 0.2 MSEK (0.5 MSEK). Investments related mainly to the acquisition of computer equipment. Depreciation of equipment amounted to 0.3 MSEK (0.3).

Research and development costs

During the first quarter the company has not had any development costs to capitalise.

Tax

Deferred tax liabilities by means of carrying losses forward have been reported only to the degree that it is probable that this will lead to lower future tax payments.

Future prospects

The need for authorities to be able to supply information and services around the clock is constantly increasing. Use of the Internet is essential to success. Sign On has the software, FormPipe, that allows authorities to receive information in a structured way. Sign On's Form Archive division is experiencing constant strong demand. The Form Hotel/Form Design division also anticipates strong demand.

Continued canvassing of the European market for FormPipe so as to be able to offer large companies, local authorities and government bodies solutions for the acquisition of documents and information via the Internet that in conjunction with its partners.

During the second quarter, Sign On will apply to be listed on the Stockholm Stock Exchange's O list.

Accounting principles

This interim report has been drawn up in accordance with the Accounting Act and the recommendations of the Swedish Financial Accounting Standards Council. As from 2002 a number of new Council recommendations are applicable. In applying these there have been no changes to the principles used in the last annual accounts.

In connection with the Swedish Financial Accounting Standards Council's new recommendation RR15, Intangible assets, coming into force, Sign On has reviewed whether the company's development costs can be capitalised as intangible assets in accordance with the above recommendation. It has been pointed out that capitalisable development costs may arise in the company in connection with further development to improve the performance of the FormPipe program. These development costs consist partly of internal costs, primarily payroll, and partly consultancy fees.

Forthcoming reports / general meeting

| | | |
|---|------------|------|
| Annual General meeting | 30 April | 2002 |
| Interim report for January – June 2002 | 28 August | 2002 |
| Interim report for January – September 2002 | 31 October | 2002 |

Danderyd, 23 April 2002

Bosse Falgard
CEO

Summary of profit and loss account

| SEK thousands | Jan - Mar 2002 | Jan - Mar 2001 | Year 2 001 |
|--|-------------------|-------------------|----------------|
| Net sales | 7,155 | 5,126 | 22,445 |
| Total net sales | 7,155 | 5,126 | 22,445 |
| Cost of sales, external | -52 | -1,290 | -2,363 |
| Other expenses | -3,072 | -4,664 | -14,208 |
| Personnel costs | -8,429 | -6,409 | -27,853 |
| Depreciation | -612 | -602 | -3,053 |
| Total expenditure | -12,165 | -12,965 | -47,477 |
| Operating profit/loss | -5,010 | -7,839 | -25,032 |
| Profit/loss on sales of holdings in associated companies | 0 | 0 | -1,200 |
| Net financial income/expense | -28 | 1 | 613 |
| Profit/loss | -5,038 | -7,838 | -25,619 |
| Tax on profit in this period | 0 | 0 | 0 |
| Annual profit/loss | -5,038 | -7,838 | -25,619 |
| Profit/loss per share, SEK | -0.68 | -1.11 | -3.60 |
| Profit/loss per share on full dilution, SEK | -0.68 | -1.11 | -3.60 |

Net sales per division (SEK thousands)

| | Jan - Mars 2002 |
|--------------------------------|--------------------|
| Sign On Form Archive | 4 207 |
| Sign On Form Hotel/Form Design | 2 338 |
| FormPipe | 610 |
| Total | 7 155 |

Profit/loss after net financial income/expense per division (SEK thousands)

| | Jan - Mars 2002 |
|--------------------------------|--------------------|
| Sign On Form Archive | 178 |
| Sign On Form Hotel/Form Design | -1 284 |
| FormPipe | -3 932 |
| Total | -5 038 |

Summary of balance sheet

| SEK thousands | 31 March 2002 | 31 December 2001 | 31 March 2001 |
|--|---------------|------------------|---------------|
| Intangible assets | 1,245 | 1,315 | 2,438 |
| Tangible assets | 2,382 | 2,458 | 3,206 |
| Financial assets | 200 | 200 | 1,516 |
| Short-term receivables | 11,066 | 8,637 | 11,554 |
| Liquid assets | 2,933 | 3,197 | 8,022 |
| TOTAL ASSETS | 17,826 | 15,807 | 26,736 |
| Shareholders' equity ¹⁾ | 8,196 | 7,624 | 20,565 |
| Provisions | 239 | 228 | 194 |
| Long-term liabilities ²⁾ | 1,017 | 1,021 | 0 |
| Short-term liabilities ²⁾ | 8,374 | 6,934 | 5,977 |
| TOTAL OF SHAREHOLDERS' EQUITY AND LIABILITIES | 17,826 | 15,807 | 26,736 |
| ¹⁾ Nominal price per share is SEK 0.20 | | | |
| ²⁾ Whereof interest-bearing liabilities | 1,018 | 1,022 | 1 |

Summary of cash flow analysis

| SEK thousands | Jan - Mars 2002 | Jan - Mar 2001 | Year 2 001 |
|--|--------------------|-------------------|----------------|
| Current operation | | | |
| Operating profit/loss after financial items | -5,038 | -7,838 | -25,619 |
| Adjustment for entries not included in cash flow | 622 | 602 | 4,154 |
| Cash flow from current operation before changes to working capital | -4,416 | -7 236 | -21,465 |
| Changes to working capital | -988 | -3 091 | 1,116 |
| Investment activity | -466 | -908 | -1 572 |
| Financing activity | 5,606 | 0 | 5,861 |
| Change in liquid assets | -264 | -11,235 | -16,060 |
| Liquid assets brought forward | 3,197 | 19,257 | 19,257 |
| Liquid assets carried forward | 2,933 | 8,022 | 3,197 |

Number of shares**31 March 2002** 31 December 2001*Before dilution*

| | | |
|---|------------------|-----------|
| Opening number of shares | 7,239,000 | 7,089,000 |
| Increase in number of shares by new issue | 170,000 | 150,000 |
| Closing number of shares | 7 409 000 | 7,239,000 |

After full dilution

| | | |
|---|------------------|-----------|
| Closing number of shares | 7,409,000 | 7,239,000 |
| Options to subscribe issued | 494,500 | 494,500 |
| Closing number of shares after dilution | 7,903,500 | 7,733,500 |

Changes to shareholder's equity

| SEK thousands | Jan - Mar 2002 | Jan - Mar 2001 | Year 2001 |
|---|---------------------------|-------------------|--------------|
| Shareholders' Equity brought forward at beginning of year | 7,624 | 28,403 | 28,403 |
| New share issues and options | 5,610 | 0 | 4,840 |
| Profit/loss in period | -5,038 | -7,838 | -25,619 |
| Shareholders' Equity at carried forward | 8,196 | 20,565 | 7,624 |

Key ratio

| | Jan - Mars 2002 | Jan - Mars 2001 | Year 2001 |
|---|--------------------|--------------------|--------------|
| Net sales, SEK thousands | 7,155 | 5,126 | 22,445 |
| Profit/loss after financial income and expense, SEK thousands | -5,038 | -7,838 | -25,619 |
| Shareholders' Equity per share | 1.11 | 2.90 | 1.05 |
| Return on shareholders' equity, % ¹⁾ | -158.7 | -146.7 | -142.2 |
| Operating margin | -70.0 | -152.9 | -111.5 |
| Equity ratio % | 46.0% | 76.9% | 48.2% |
| Number of employees, annual average | 64 | 48 | 54 |

1) With calculation of the proportion of equity contained in the profit/loss on a rolling 12 month period

Definitions, see the annual report for 2001

I have generally examined this interim report in accordance with the recommendations issued by FAR. A general examination is inevitably limited in comparison to an audit. There is nothing apparent to indicate that this interim report does not fulfil the requirements of the Accounting Act.

Johan Kaijser
Authorised public accountant